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NOMINATIONS OF: ALBERTO F. TREVIÑO CAROLYN Y. PEOPLES, RAFAEL E. CUÉLLAR MICHAEL D. SCOTT, JOHN M. REICH DIANA E. FURCHTGOTT-ROTH, DEBORAH DOYLE McWHINNEY, AND ARMANDO J. BUCELO, JR.

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

ON

NOMINATIONS OF:

ALBERTO F. TREVIÑO, OF CALIFORNIA, TO BE ASSISTANT SECRETARY FOR POLICY DEVELOPMENT AND RESEARCH, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CAROLYN Y. PEOPLES, OF MARYLAND, TO BE ASSISTANT SECRETARY FOR FAIR HOUSING AND EQUAL OPPORTUNITY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RAFAEL E. CUÉLLAR, OF NEW JERSEY, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE NATIONAL CONSUMER COOPERATIVE BANK

MICHAEL D. SCOTT, OF NORTH CAROLINA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE NATIONAL CONSUMER COOPERATIVE BANK

JOHN M. REICH, OF VIRGINIA, TO BE VICE CHAIRPERSON OF THE BOARD OF DIRECTORS OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

DIANA E. FURCHTGOTT-ROTH, OF MARYLAND, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE FEDERAL HOUSING FINANCE BOARD

DEBORAH DOYLE MCWHINNEY, OF CALIFORNIA, TO BE A DIRECTOR OF THE SECURITIES INVESTOR PROTECTION CORPORATION

ARMANDO J. BUCELO, JR., OF FLORIDA, TO BE A DIRECTOR OF THE SECURITIES INVESTOR PROTECTION CORPORATION

OCTOBER 3, 2002

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TO BE ASSISTANT SECRETARY FOR
POLICY DEVELOPMENT AND RESEARCH
AND
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FAIR HOUSING AND EQUAL OPPORTUNITY
U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT

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SECURITIES INVESTOR PROTECTION CORPORATION

THURSDAY, OCTOBER 3, 2002

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 2:42 p.m. in room SD–538 of the Dirksen Senate Office Building, Senator Paul S. Sarbanes (Chairman of the Committee) presiding.

OPENING COMMENTS OF CHAIRMAN PAUL S. SARBANES

Chairman SARBANES. The hearing will come to order.

The Senate Banking, Housing, and Urban Affairs Committee meets this afternoon to consider eight nominees who have been sent to us by the President for various positions in the Administration. I want to welcome all of the nominees, as well as their families and friends who may be here with us and to thank the nominees for appearing before the Committee this afternoon.

We have decided to break this into three panels, so we will do those seriatim. Our first panel will consist of four nominees: Alberto Treviño, who has been nominated to be the Assistant Secretary of Housing and Urban Development for Policy Development and Research; Carolyn Peoples, who has been nominated to be the Assistant Secretary of Housing and Urban Development for Fair Housing and Equal Opportunity; Rafael Cuéllar, nominated to be a Member of the Board of Directors of the National Consumer Cooperative Bank; and Michael Scott, also nominated to be a Member of the Board of Directors of the National Consumer Cooperative Bank.

Before I swear in the nominees, hear their opening statements, and then go to the question and answer period, I yield to Senator Allard for any statement or comments he may have.

COMMENTS OF SENATOR WAYNE ALLARD

Senator ALLARD. Well, thank you, Mr. Chairman. I would like to make my formal statement a part of the record and ask unanimous consent to do that.

Chairman SARBANES. Without objection, so ordered.

Senator ALLARD. I would just make one request of all those whose nominationS we are considering today, and that is that you take a careful look at the Government Performance and Results Act. I may not be here to ask that question but I think it is an important piece of legislation that passed by the Congress.

I would just ask that you take a careful look at it. It is the Government Performance and Results Act.

Thank you, Mr. Chairman.

Chairman SARBANES. Good. I would like to ask the nominees to stand. It is the practice of this Committee to place nominees under oath. If you would raise your right hands.

Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TREVIÑO. I do.

Ms. PEOPLES. I do.

Mr. CUÉLLAR. I do.

Mr. SCOTT. I do.

Chairman SARBANES. Do you agree to appear and testify before any duly-constituted committee of the U.S. Senate?

Mr. SCOTT. I do.

Mr. CUÉLLAR. I do.

Ms. PEOPLES. I do.

Mr. TREVIÑO. I do.

Chairman SARBANES. Thank you. Please take your seats.

Mr. Treviño, I think we will just start with you and move right across the panel with the opening statements of the nominees. We would be happy to hear from you, sir. And if anyone wants to introduce members of their family who might be here, why, we would certainly invite you to do so as well.

COMMENTS OF ALBERTO F. TREVIÑO, OF CALIFORNIA TO BE ASSISTANT SECRETARY FOR POLICY DEVELOPMENT AND RESEARCH U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. TREVIÑO. Thank you very much.

Chairman Sarbanes and Members of the Committee, it is an honor and privilege to appear before you as President Bush's nominee for Assistant Secretary for Policy Development and Research at the Department of Housing and Urban Development.

I am looking forward to the prospect of leading HUD's Office of Policy Development and Research to develop creative and well-structured solutions to the housing and community development problems facing the Nation. If confirmed, I intend to implement a long-term strategic approach to problem solving that uses research and analysis to gain a comprehensive understanding of the problems confronting our cities and rural communities. This understanding will provide a strong foundation for innovative, long-term solutions.

While I recognize the need to apply creative problem solving to the immediate issues facing the Nation, I believe it is equally important to anticipate issues the country will face in the coming decades. This will enable PD&R to develop productive policy options addressing emerging issues.

Another important responsibility of the Office of Policy Development and Research is to conduct evaluations of HUD's programs ensuring the programs are operating as Congress intended. The Secretary's fiscal year 2003 budget envisions an expansion of this important activity.

I would like to thank you for scheduling this hearing during a very busy time in the session. I look forward to learning of key issues and concerns of this Committee to ensure PD&R's research agenda fully addresses them.

I appreciate your time and look forward to working with the Members and their staff of this Committee.

Thank you.

Chairman SARBANES. Thank you very much, sir.

We have been joined by Senator Gramm and I will defer to him now before I go to Ms. Peoples for any opening statement he might wish to make.

COMMENTS OF SENATOR PHIL GRAMM

Senator GRAMM. Mr. Chairman, I will be brief. I have looked over the resumes of our nominees today and, first, you cannot help but notice that there are a lot of them.

[Laughter.]

I want to thank you, Mr. Chairman, for holding these hearings.

Second, I think that each and every one of them are eminently qualified, either by their experience in the private sector or their

experience in Government, or both. And I want to commend the President on choosing good people and I want to thank each of you for your willingness to serve the greatest country in the history of the world.

Our system works as well as it does because we have good people who are willing to serve. It is no prize. You do not get rich doing it. You are more likely to get criticized than you are to get praised, and your name will never be on the front page of *The Washington Post* unless you really screw something up.

[Laughter.]

But, nevertheless, there seems to be an endless line of people that are willing to serve, and that encourages me.

Chairman SARBANES. Good. I also want to note for the Members of the Committee, we have another nomination hearing scheduled for tomorrow morning at 11:00 a.m. That is Phil Merrill, to be the Chairman of the Export–Import Bank. And upon the completion of that hearing, we will then have had hearings for all nominees sent to the Senate by the President that fall under the jurisdiction of this Committee. So on the nominee side of our agenda, we will not have any further outstanding hearings after tomorrow morning.

Senator GRAMM. Well, Mr. Chairman, let me say I think that is a commendable record and I thank you for it.

Chairman SARBANES. Ms. Peoples, we would be happy to hear from you.

STATEMENT OF CAROLYN Y. PEOPLES, OF MARYLAND TO BE ASSISTANT SECRETARY FOR FAIR HOUSING AND EQUAL OPPORTUNITY U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Ms. PEOPLES. Thank you.

Again, I would like to introduce my family that are here. My husband, Dennis, my son Derrick, my daughter Jackie, and my other daughter Cheryl in the back. We are very pleased to be here.

Chairman SARBANES. We are pleased to have your family here.

Ms. PEOPLES. Chairman Sarbanes, Ranking Member Gramm, and distinguished Members of this Committee, thank you for giving me the privilege to address this Committee in consideration of my confirmation as Assistant Secretary for Fair Housing and Equal Opportunity.

I am here today with some very special people in my life. They are my husband and my three children, my sisters and brothers. I also want to acknowledge my friends from Catholic Charities, MANPHA, The Beacon Institute, the Office of Fair Housing and Equal Opportunity, and the University of Baltimore.

First, I would like to share a little of my background with you. I am one of seven children born to the late Julius and Cornelia Jacobs. I was born and raised in Baltimore, Maryland. My father served in the U.S. Army and worked most of his life as a laborer. My mother was a housewife. For several years, we lived in public housing and I attended local schools. From an economic standpoint, we were considered poor. But as a family, we were rich, rich in faith, character, values, and humor with a closeness that endures even today. My mother, without doubt, was instrumental in forming my character and strong work ethic. Throughout my public

education, she always encouraged me to do my best. And it is that drive for excellence that both inspires and motivates me in all my endeavors.

Prior to my nomination by President Bush, I was Founder and Executive Director of Jeremiah Housing, Inc., a faith-based, nonprofit housing services organization. Preceding this, my professional experience for the past 25 years has been exclusively in the operation, coordination, and management of HUD-assisted and sponsored housing. Beginning in 1976, as a manager of a Section 202/8 housing facility for the Presbytery of Baltimore. I left there in 1980 and joined the Housing Services Division of Catholic Charities. Over a 19 year period, I progressed in various positions. I later attended the University of Baltimore and earned a BS degree in Finance and a Master's degree in Business Administration.

As I was preparing for this testimony and thinking about fair housing, I began to reflect upon discrimination and how it impacts lives. I liken discrimination to an inflicted wound. The wound eventually heals, but invariably leaves a scar. As a woman of color, I have experienced discrimination. One such experience when I was 8 years old left, an indelible imprint on me. My mother took me to a department store in downtown Baltimore. After choosing several items of clothing, she took them to the counter to pay for them. For several minutes, I watched as a the sales lady waited on other people, but would not wait on my mother. After all the customers standing next to my mother had been waited on and exited the store, my mother remained at the counter until the sales lady finally waited on her. When we left the store, I asked my mother why the lady would not wait on her. Her reply to me was, "because we are colored."

Discrimination in any form is demeaning. Whether it comes as a result of being denied housing because you have children, or if a real estate agent steers you to a "certain" community or a lender charges you extra fees not charged to other people, discrimination is wrong and is against the law.

Moreover, discrimination has a social impact. Just as my mother and I had to wait in that department store until all others were served, discrimination in America has denied many the opportunity to share in the prosperity of this Nation. Since the passage of the 1968 Fair Housing Act, significant progress has been made in reducing barriers to fair housing and expanding homeownership opportunities for the historical victims of discrimination. Despite all that has been accomplished, much more needs to be done. No one should be denied the home of their dreams because of their race, color, religion, national origin, sex, familial status, or disability.

While the Nation's homeownership has reached a record high, a large gap still remains between the percentage of minorities and whites who own their own homes, 48 percent African-American and 47.6 percent Hispanic, compared to 74.3 percent for whites. We must do all we can to ensure that discrimination is removed as a barrier to the achievement of the American Dream.

The extent to which discrimination against persons with disabilities exists today is also problematic. Currently, HUD receives nearly as many complaints of disability discrimination as it does race complaints. There is a significant lack of accessible housing

units for persons with disabilities, both in private and in the subsidized housing. Noncompliance with the accessibility requirements combined with the failure of landlords to provide necessary accommodations and modifications has contributed to a shortage of housing for persons with disabilities in housing developments.

I have a strong interest in helping improve the quality of life for underserved and unserved persons. If I am confirmed by the Senate to this most important post, I pledge my full commitment to aggressively enforce civil rights and fair housing laws; to be diligent in conducting timely investigations; to continue to reduce impediments to fair housing laws; to develop close working partnerships with faith-based and grassroots organizations, local government, and other agencies; to enforce departmental equal employment opportunity laws; to ensure effective program monitoring and compliance and develop performance-based measures to ensure quality.

With my extensive experience in HUD's programs and policies, combined with 25 years of proven management, organizational, and policy development skills, I am eager to join the fine staff of the Office of Fair Housing and Equal Opportunity in implementation of our strategic goals and objectives.

In closing, I want to thank the Senator from my home State of Maryland, Senator Sarbanes, and the Members of the Committee for your courtesy. I want to thank President Bush for honoring me with the opportunity to serve in his Administration, and to Secretary Mel Martinez for his strong support in the several months since my nomination. I also want to give special thanks to Floyd May for his wise counsel and advice. Finally, but not least, I want to thank God for bestowing His grace and this very special honor upon me.

Thank you.

Chairman SARBANES. Thank you, Ms. Peoples. That was a very thoughtful statement and the Committee appreciates it.

Mr. CUÉLLAR.

STATEMENT OF RAFAEL E. CUÉLLAR, OF NEW JERSEY TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE NATIONAL CONSUMER COOPERATIVE BANK

Mr. CUÉLLAR. Chairman Sarbanes and distinguished Members of the Committee, I am honored to appear today before you as a nominee for the Board of Directors of the National Consumer Cooperative Bank.

I am here because I believe my combined experience, as a military officer, entrepreneur, and community leader is consistent with the mission of the National Consumer Cooperative Bank. It was established to address the financial needs of an underserved community. The Bank's primary lines of business include multifamily and commercial real estate services, commerical and small business banking, community development, and personal banking. To date, NCB has provided more than $6 billion in financing, thousands of homeownership opportunities, school facilities for 4,500 students, 1,000 affordable assisted-living units, a health center serving 100,000 patients annually and more than 10,000 employee stock owners. In short, the Bank provides economic empowerment.

My goal on this board is to bring these options to communities like my own in Passaic, New Jersey. Once a deserted area of marginalized immigrants that had to commute to New York for work, now a thriving center of commerce because business people like my father invested and started businesses to increase the city's economic vitality. I remember he would say, "No se puede sacar sin dar"—You cannot take without giving.

With those words in mind, I left to join the United States Navy at the age of 17. This country had given my family opportunity when we arrived as immigrants in 1970. I knew that opportunity came with responsibility. And so it was for 9 years as I worked my way up the ranks from enlisted to officer. I attended Fordham University on a NROTC scholarship and received my Bachelor's degree in Economics. The regimented training and discipline prepared me for an even greater challenge.

After my father's sudden death in 1996, I resigned my commission to fulfill my family duty and care for the business my father began years before. I have been President and Chief Executice Officer of ECO & Sons, Inc., for 7 years. In that time, I have significantly increased revenue every year, diversified our products and services, and created new jobs to expand the employee base. I inherited a large "bodega" in debt. However, today, due to strategic planning and investment, ECO & Sons, Inc. makes a profit through a successful independent supermarket, an upscale catering company, and an e-commerce site that survived the Internet downturn. Currently, I own one of the top 500 Hispanic businesses in the country, according to *Hispanic Business Magazine.*

In addition, I was selected as 1999 Dun & Bradstreet's Number 2 Minority Entrepreneur, 1999 Finalist for Ernst & Young's Entrepreneur of the Year, 2000 Finalist for *Hispanic Business Magazine* Entrepreneur of the Year, and 2001 Finalist for Ernst & Young's Entrepreneur of the Year. To share the benefits of my success, I work with several organizations including the Paterson Restoration Corporation, New Jersey State Chamber of Commerce, William Paterson University Foundation, and the United States Hispanic Chamber of Commerce, to name a few.

While those accolades look great on a resume, what I am really proud of is building a partnership with my community. They know I am there to service their needs whether it is for groceries or otherwise. For instance, the Passaic fire last year put 75 families out on the street without shelter or food. They came to me and we fed those families three meals a day for 2 weeks and they ate with dignity because that food came from a supermarket that they patronize. I was humbled that they came to me instead of one of the big chain stores. I connect with my customers and peers alike.

I understand and have overcome the challenges that face minority entrepreneurs—the lack of capital, scarce resources, no mentoring. The NCB has developed and implemented a successful model, a public and private sector partnership, to solve these problems and provide innovative solutions. With my experience, I will be an integral part of those solutions.

I would be very proud to serve on the Board of Directors of the National Consumer Cooperative Bank, and I truly appreciate your consideration.

Allow me to answer any questions that you may have.

Chairman SARBANES. Thank you very much, sir.

Mr. Scott.

STATEMENT OF MICHAEL D. SCOTT, OF NORTH CAROLINA TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE NATIONAL CONSUMER COOPERATIVE BANK

Mr. SCOTT. Thank you.

Mr. Chairman, Senator Gramm, distinguished Members of the Committee, it is an honor and privilege for me to appear before you today as the President's nominee to be a Member of the Board of Directors of the National Consumer Cooperative Bank.

Before I begin my statement, I would like to thank my wife, Janet and my children, Zachary and Taylor. Without their patience, understanding, and support, I could not be here before you. Unfortunately, they are not able to be here today, as they continue to live in North Carolina until we sell our home.

I would also like to thank Under Secretary Peter Fisher, Assistant Secretary Brian Roseboro, and Deputy Assistant Secretary Roger Kodat for all of their support. Finally, I would like to thank President Bush for the honor of this nomination and the opportunity to serve.

I am, and if confirmed, will continue to be, the Senior Advisor to the Deputy Assistant Secretary for Government Financial Policy at the Treasury Department. Prior to serving in the Administration, all of my previous experience has been in the private sector. I have worked extensively in finance, capital markets, investments, corporate strategy, financial analysis, and commercial lending.

It is my current and former experience that I believe will enable me to be an effective contributor to NCB's Board. NCB plays a vital role in meeting the underserved needs of America's cooperatives, which range from housing cooperatives to affordable housing communities to small businesses to Alaska Native Corporations and Tribal Entities. I hope to bring constructive ideas to the Board that will help grow NCB in the important sectors it serves. Additionally, I am keenly interested in NCB's capital structure and assisting it in addressing the statutory repayment of the Class A Notes that the Federal Government holds, and that mature in 2020.

NCB is a multifaceted financial services company that enables cooperative endeavors throughout America to grow and succeed. These businesses are large and small. They serve rural and urban communities. NCB helps them by crafting financial solutions tailored to their individual needs, and the needs of their members. Chartered by Congress in 1978, NCB was privatized in 1981 as a cooperatively owned financial institution. Currently, NCB is owned by 1,841 of its customers.

NCB's capital base is funded by long-term subordinated notes, medium-term notes and commercial paper, loans from its banking partners and customers, deposits through its subsidiary, NCB FSB, and stock purchased by NCB members. The Bank's medium-term notes and commercial paper carry investment-grade ratings.

NCB's primary lines of business include: Multifamily and commercial real estate, commercial and small business banking, community development services, and personal banking.

To date, NCB has provided more than $6 billion in financing. Combined with balance sheet assets and letters of credit, NCB now manages more than $3.6 billion in assets nationwide. NCB reported a profit of $14.6 million for the first 6 months of 2002. In early September of this year, NCB distributed approximately $12.6 million in patronage dividends to its member-owners in the form of cash and stock.

Last year alone: First, the Bank grew its deposit base by 50 percent, further diversifying its funding sources and lowering the capital costs for its customers. Second, the Bank received reaffirmation of its investment-grade ratings by Moody's (Baa1) and Standard & Poor's (BBB).

NCB has a distinguished history of serving the cooperative community and I believe that its future is extremely bright. I would appreciate your support so that I may be able to contribute to its future.

In closing, I would like to take this opportunity to thank you, Mr. Chairman, and the Committee for the prompt consideration of my nomination. Mr. Chairman, if confirmed, I commit to you, the Members, and the NCB, all of my energy to serve with distinction and honor. I would request that my additional statements be entered into the record on the background on the Bank and I would be delighted to answer any questions.

Thank you.

Chairman SARBANES. Without objection, the full statement will be included in the record.

We thank all of the panelists for their statements.

Chairman SARBANES. We have been joined by Senator Reed. Did you have an opening statement, Senator Reed.

COMMENT OF SENATOR JACK REED

Senator REED. No, Mr. Chairman.

Chairman SARBANES. Let me ask the panelists a few questions.

I want to ask the two nominees for the National Consumer Cooperative Bank if they could just outline for us the financial situation and arrangements of the Cooperative Bank. Where does your money come from and how much of it do you put out each year and, generally speaking, who do you put it out to, and so forth?

Mr. Cuéllar, why don't we start with you and then we will go to Mr. Scott.

Mr. CUÉLLAR. The National Consumer Cooperative Bank provides loans to cooperatives and their members. Half of the loan portfolio is housing cooperatives, and the other half is to supermarket cooperatives, and other business cooperatives and their members. Most of their capital funds came from within their membership.

The initial loan pool that created the Bank came through an act of Congress back in 1979. In 1981, however, the Bank was privatized. Because of its privatization, however, the Bank's entire slate of Board of Directors is not appointed by the President or Government employees. Only a small percentage are because of the bank's debt with the Government.

The portfolio again to commercial real estate, commercial business banking, and community development is where the Bank does its investing. If that answers your question.

Chairman SARBANES. Partially. Maybe Mr. Scott can elaborate on it a bit more.

Mr. SCOTT. Sure. Mr. Chairman, banks, in general, rely on equity capital and equity-like instruments and debt to be able to make loans. The National Consumer Cooperative Bank's effort, it has a limited ability to raise equity capital, which is very important to most traditional banks. The Bank's lending to cooperatives, nonprofits, is met largely through the issuance of debt. The Class A notes that the Government currently holds used to be equity prior to the privatization. That $183 million is a very important part of its capital structure that allows it to make the existing loans that it does. Going forward, it has funded itself largely on the issuance of debt.

Chairman SARBANES. How much of that debt is there, over and above—there is about $183 billion of debt to the Treasury.

Senator GRAMM. Million. You said billion.

Chairman SARBANES. That is an important distinction.

[Laughter.]

Senator GRAMM. I do that all the time, so I am sensitive to it.

[Laughter.]

Chairman SARBANES. One hundred eighty-three million dollars debt to the Treasury, which I take it the Bank is paying off over time. Is that correct?

Mr. SCOTT. Yes, sir. It has a sinking fund to repay the Class A notes. It is going to have to address how it pays off those notes in the future.

Chairman SARBANES. Then it has borrowed further, Correct?

Mr. SCOTT. That is correct.

Chairman SARBANES. From whom? In the private markets?

Mr. SCOTT. Yes, from the capital markets and banks, in general.

Chairman SARBANES. How much of that debt is there?

Mr. SCOTT. Sir, I do not have the balance sheet with me. The on-balance sheet assets are I believe about $1.2 billion. Of that, you have $183 million from the Class A notes. I believe there is about $162 million of Class B equity and the rest would be in the debt markets.

Chairman SARBANES. And how much money does the Bank put out each year?

Mr. SCOTT. My understanding is that the Bank pays out about 55 percent of its net income in patronage dividends back to the cooperative members.

Chairman SARBANES. There is no implicit Federal guarantee of the Bank's debt?

Mr. SCOTT. None whatsoever. In fact, if you look at the Standard & Poor's and Moody's ratings, which are essentially BBB, it is very clear that the market does not view the NCB as an implicit Federal guarantee.

Chairman SARBANES. Right. Now, is the position you hold at the Treasury traditionally been, in effect, the President's nominee to the Bank? He nominates one person to represent Federal agencies and departments. Is that correct?

Mr. SCOTT. That is correct.

Chairman SARBANES. Has it traditionally been whoever holds the position you have now in the Treasury?

Mr. SCOTT. No, it has not. Traditionally, my understanding is that during the 1980's and 1990's, it came from the Department of Agriculture. This position itself has been vacant since 1991.

Chairman SARBANES. There has not been a person on the Board for 10 years?

Mr. SCOTT. That is correct.

Chairman SARBANES. Well, my time is expired and I will cease and I will come to the other two nominees in the following round.

Senator Gramm.

Senator GRAMM. I would be nervous about telling people that. They may decide that they do not need you on the Board.

[Laughter.]

Well, Mr. Chairman, it made me a little nervous when Mr. Scott was saying that they set up a sinking fund and they are going to have to make some arrangement to pay the Federal Government.

I had thought and I forget, forgive me, but not only am I getting old, but we have so many of these things. Am I right that when we went through privatization, we set up a structure whereby, over time, the Bank was going to pay the taxpayer back? Is that right?

Mr. SCOTT. The original structure mandated a 2020 maturity. The Bank has, I believe in 1994, instituted a corporate strategy of a combination of the sinking fund and raising money starting in 2005, that would raise most likely preferred stock to use to pay down the Treasury. But there is actually not a mandated repayment schedule.

Senator GRAMM. Just the requirement as of that date that there be a repayment.

Mr. SCOTT. October 31.

Senator GRAMM. But is there any money in this sinking fund?

Mr. SCOTT. Yes, there is. I believe right now there is $12 million.

Senator GRAMM. Thank you, Mr. Chairman.

Chairman SARBANES. Good. Anything else?

Senator GRAMM. No. Thank you, Mr. Chairman.

Chairman SARBANES. Senator Reed.

Senator REED. Thank you, Mr. Chairman. And I would like to thank the nominees for thier testimonies. Good luck as all of you take on these very important tasks.

Mr. Treviño, if I may ask a question. You will be charged with developing, monitoring, and supervising important research projects. I wonder what experience you have in the area of either conducting research or managing research? Could you elaborate?

Mr. TREVIÑO. Yes, I can answer that several ways. One, from the private-sector experience that I have in the development and planning of very large-scale projects, new communities, and working with developers such as Jim Rouse in Columbia and also in Reston, all of this is basic research because these were the state-of-the-art developments in the country at that time.

And with General Electric, directing General Electric Foundation research grants to various universities, including Washington University, MIT, UCLA, University of Michigan, North Carolina, and

these again were state-of-the-art research issues of large-scale new town development.

Also, I have lectured or taught at many of the universities in this country—Michigan, North Carolina, Harvard, Berkeley, USC, and directed grants from other foundations to these universities.

Senator REED. So you have had a role in foundations awarding grants and research contracts?

Mr. TREVIÑO. With the GE Foundation, primarily. And then with the Ford Foundation, I was just an advisor to them.

Senator REED. There are a number of difficult issues that you will have to tackle. When I go through my State I hear continuous clamor for more production of units. In fact, people will comment, "We have vouchers and we cannot use them because they cannot find affordable houses." They do not have physically the number of units. Would increasing production be a focus of one of your policy or research initiatives?

Mr. TREVIÑO. As I stated, the approach that I generally take to a problem is to look at the problem a little bit more holistic, if you will, than the way it is been approached in the past.

Housing production, barriers to housing, if you look at the Kemp Report, you could provide money to build housing, but the real problem is in implementing that program. In today's world, in most communities, if you make an announcement that you are going to build 100 to 200 units, whatever it might be, mixed-use, low-income, et cetera, the local community objects to those projects. It is very difficult to get projects approved in communities. That is called a NIMBY. That clearly can be a strategy. But from looking at an entire program, you have to evaluate and make a determination whether that is the most feasible direction to move in. And that would be part of the studies within PD&R.

Senator REED. Thank you.

Ms. Peoples, you have a very significant responsibility, and I think you are going to take it on with the great passion you have done all your work throughout your life. But you cannot do it alone.

I understand that there is a significant shortage of personnel in the Office of Civil Rights. What are your plans now to mobilize more people to do the work that you are so committed to doing?

Ms. PEOPLES. I agree that the Office of Fair Housing and Equal Opportunity has been plagued by shortages in staff prior to the past 4 years. We are actively engaged in correcting that by trying to bring on additional staff to meet the demand, at least the problems that we are considering.

In terms of meeting the challenges that are ahead, we must at least look to hiring additional people to fill those slots, particularly in the area of enforcement. Investigators are very much needed in the regional offices. And we are moving in that area at this point.

Senator REED. Thank you very much, Ms. Peoples and all of you for your testimony.

Thank you, Mr. Chairman.

Chairman SARBANES. Thank you.

Mr. Cuéllar, have you spent any time over at the National Cooperative Bank?

Mr. CUÉLLAR. Yes. I actually today got my first tour of the Bank itself and was there once previously when we had first discussed the entire nomination process and how it all takes place.

Chairman SARBANES. I ask both of the nominees, did the Bank provide as a kind of extended briefing for either of you in terms of being new nominees to the Board?

Mr. CUÉLLAR. We definitely got a briefing. Extended is probably the briefing we will get after our confirmation, more than likely. And then we will have a much more involved briefing.

If I am not mistaken, one of the reasons that we are not privy to some of the information of the Bank is just because we are not on the Board currently.

Mr. SCOTT. That is correct. I have spent about 3 hours with Mr. Chuck Hackman. The detailed briefing as a Board Member does come later, after we have been confirmed.

In answer to one of your questions, I neglected—in 1988, the Bank acquired a thrift. So when you were asking, how does it fund itself, they also actually have—a portion of that is funded through deposits, very much like any other bank. But that is a relatively small part of their capital base.

Chairman SARBANES. I am just sending them a message because I am concerned that some of these boards or banks or so forth do not brief their nominees the way they probably should before they come to us, and actually, before they go into the job. I do not think the agency should assume that they can do all the briefing post the fact because that puts the Committee in the awkward position of investigating matters with someone who hasn't had a fairly comprehensive introduction to the work of the particular institution. So, I hope you will take that message back with you.

Mr. Cuéllar, I have a lot of respect for your career pattern here, although you are still a very young man. How long did you serve in the Navy?

Mr. CUÉLLAR. Nine years, sir.

Chairman SARBANES. Nine years. And you went to Fordham on an NROTC scholarship?

Mr. CUÉLLAR. Yes, sir.

Chairman SARBANES. And then, you were in a career, but left because of the change in the family circumstances. So, you moved out in order to look after the family business.

Mr. CUÉLLAR. That is correct.

Chairman SARBANES. Have you been in charge of it yourself?

Mr. CUÉLLAR. Yes, sir.

Chairman SARBANES. I mean you took it over after your father passed away. Is that right?

Mr. CUÉLLAR. Yes, sir.

Chairman SARBANES. You are the senior son, or the senior child, I take it?

Mr. CUÉLLAR. Actually, no. I am the youngest child.

Chairman SARBANES. Okay. I gather it has been quite successful.

Mr. CUÉLLAR. We have done okay.

[Laughter.]

Chairman SARBANES. Quite successful, I would guess, is what that means.

Ms. Peoples, let me ask you a couple of questions and then I have one or two for Mr. Treviño.

The office that you are being nominated to head is understaffed currently by about 50 full-time employees. What is your view of that? Or first of all, is that accurate? Then what plans might you have to try to remedy that situation?

Ms. PEOPLES. Well, a plan is already in place. Many of those positions have been filled. So, we do not have the shortage that we had prior to a couple of months ago.

Chairman SARBANES. I am pleased to hear that.

Ms. PEOPLES. I am very pleased as well.

[Laughter.]

Chairman SARBANES. Let me ask you, there has been a backlog of fair housing complaints which have not been reviewed at HUD, although I understand that they are taking steps to try to process these claims quickly.

My concern is this. Claims need to be processed quickly or within a reasonable period of time. But I am also concerned that the claims get properly and thoroughly examined so that we make sure that we are rendering appropriate judgments. Do you have any comment on this balance between moving the claims along and making sure, on the other hand, they are adequately reviewed?

Ms. PEOPLES. Well, that is one of the problems I think that resulted from being understaffed. I am pleased to say that as of last week, we get weekly reports on the status of the cases and we have decreased our backlog to now I believe it is 35 percent of our cases are aged. And that compares to over 80 percent back in 2000. So, we are making progress in that area.

Chairman SARBANES. Mr. Treviño, when you were at HUD back in the early 1970's, the New Communities Program was under your jurisdiction.

Mr. TREVIÑO. That is right, Title 7.

Chairman SARBANES. Yes. Tell me about that program.

Mr. TREVIÑO. The person really responsible for the legislation was Lud Ashley, Congressman from Ohio. The program was a loan guarantee program to fund infrastructure for new communities. And the idea was these new communities would be able to alleviate some of the problems of suburban sprawl and so forth. Actually, during the time of the legislation, I was with General Electric at the time and GE was going to build experimental cities, at least explore that potential. Some of this information really is not known, but it was an interesting period.

Jim Rouse at Columbia was just getting started, as well as Bob Simon, R.E. Simon, at Reston. Those were two that were starting to work in parallel with this program. And with new communities, the major issue, any large-scale development, is the infrastructure costs, the front-end loading of debt. The new Title 7 was to alleviate that problem by providing lower-cost funds for this front period. And payback on a new community is something like 15 to 18 years, so it is a very high risk.

I really had nothing to do with the program for maybe 6 to 8 years of its original inception. When Secretary Lynn became Secretary of HUD, he wasn't quite sure what to do with this particular program. There was thought that it was not being managed prop-

erly. He called me in. At that time I had a fairly substantial background in this project. I had been with the Irvine Company, which is the largest land development project in the country. I agreed to come back for a year to look at the prospects of this program, whether there was any opportunity to repay the loans that were being made.

The pipeline was basically filled with projects, two in Rochester, some in Texas between Ft. Worth and Dallas. And there were maybe 12 projects. And the total commitment was about $700 million at that time. We are talking about 1972 dollars.

Bill Simon was Secretary of Treasury at that time. Tom Bomar was head of the Home Loan Bank. Secretary Jim Lynn at HUD. I brought in Ray Watson, who was the President of the Irvine Company, and myself. And so, we formed the Board of Directors. I established the methodology to evaluate the potential of the taxpayer ever recovering the $700 million, made the determination that the projects were ill-conceived, and recommended to Senator Proxmire and to Congressman Ashley that we terminate the program. And that, in a nutshell, is my experience with it. I was here 17 months.

Chairman SARBANES. Columbia and Reston were not part of the program, were they?

Mr. TREVIÑO. No, no.

Chairman SARBANES. You were just trying to emulate that if you could.

Mr. TREVIÑO. Yes, we were trying to solve the front-end financing for those type of projects. If you follow the large-scale New Town Program in this country, none of them have really had financial success. Rouse eventually lost that project to the banks, as well as Bob Simon. I was instrumental with GE in placing Appliance Park at Columbia and we purchased 500 acres to try to resolve some of his cashflow problems. That was my decision, to assist Rouse.

In Texas, the two people were Nasher and Eddie Marcus, who also had a project. It was called Flower Mountain. So large-scale, new town development again is very similar to the issue that was brought forward about building housing. Some of these decisions are made locally to get zoning, attraction of industry, job base, many issues.

As with two projects in Rochester, which was losing population and declining economy, it really did not take much to make a determination that they would never be able to repay the debt.

Chairman SARBANES. The HUD website says that the Office of Policy Development and Research, ". . . is committed to investing in the development of reliable databases describing housing market conditions and needs, as well as documenting how HUD programs work, how much they cost, and who they serve."

Regrettably, we hear from many people, including some people at HUD, that many of the databases do not contain reliable information. I would be interested in your comments on this situation and what might be done to make sure that HUD's systems contain correct and helpful data on housing programs. I think this is an important part of the responsibility that you would have as Assistant Secretary.

Mr. TREVIÑO. There is no doubt that statistical information is vital in making decisions, just as with new communities. It is hard to imagine that these new communities were located without understanding the market forces.

There is the American Housing Survey. Many of the issues related to that are do you ask the right question? And I think that is an issue I certainly am familiar with and I cannot really speak to that subject at this point. But it does not take a terrible amount of change in order to try to get statistical information that is more relevant to the needs of the markets. It is the user of the information that has to make a determination of what type of information is vital?

Some of these collection mechanisms take decades to develop. In my opening statement, I mention the fact that a person does have to take a longer-term view of research and you cannot just totally respond to putting out fires. You have to look at it a little bit long term.

Chairman SARBANES. I take it that you perceive this, though, as a major challenge that you are going to have to deal with. Would that be correct?

Mr. TREVIÑO. Oh, yes. There is no doubt that all issues of strategic planning are a major challenge because what you are doing is you are weighing between competing funding, competing decisions as to how you are going to implement. When I was with General Electric or with Walt Disney, of course these are the same issues of limited resources and using those resources or optimizing those resources for whatever you determine is important—affordable housing, transportation, whatever it might be.

Chairman SARBANES. Senator Gramm, do you have anything you would like to ask?

Senator GRAMM. No, Mr. Chairman.

Chairman SARBANES. We want to thank the panel very much. We appreciate your testimony.

We will now turn to our next panel, which we announced earlier: John Reich and Diana Furchtgott-Roth. If they'd come forward.

[Pause.]

We are going to turn now to the nomination of John Reich, who has been nominated to be the Vice Chairperson of the Board of Directors of the Federal Deposit Insurance Corporation. Mr. Reich is currently serving a term as a Director of the FDIC. That was reported out by this Committee and confirmed by the Senate. Prior to becoming an FDIC Director, Mr. Reich had served on the staff of our colleague, Senator Connie Mack, for 12 years, and had previously worked in the banking industry for a number of years.

Diana Furchtgott-Roth has been nominated to be a Director of the Federal Housing Finance Board, which is the board that regulates the Federal Home Loan Bank System, a system of 12 regional banks created in 1932 by the Congress to ensure the availability of funds for home mortgage lenders. The banks are cooperatively owned by their members. I think it now includes almost 8,000 institutions. And last year, its assets totaled almost $700 billion. The Housing Finance Board is charged with overseeing this extensive system. Ms. Furchtgott-Roth has recently been the Chief of Staff at the Council of Economic Advisors. Prior to that, she was a resident

fellow at the American Enterprise Institute. And in the first Bush Administration, served as an Associate Director of the Domestic Policy Committee.

I ask the nominees to stand so that we can place them under oath. As I indicated, it is the standard practice of this Committee.

Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Ms. FURCHTGOTT-ROTH. I do.

Mr. REICH. I do.

Chairman SARBANES. Do you agree to appear and testify before any duly-constituted committee of the U.S. Senate.

Mr. REICH. I do.

Ms. FURCHTGOTT-ROTH. I do.

Chairman SARBANES. John, why do not we hear from you first and then we will turn to Ms. Furchtgott-Roth.

STATEMENT OF JOHN M. REICH, OF VIRGINIA TO BE VICE CHAIRPERSON OF THE BOARD OF DIRECTORS OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. REICH. Thanks very much, Mr. Chairman. I appreciate your holding this hearing today. I know that time is of the essence for this body and to a hold a hearing with this many nominees is something that I am sure that we all appreciate. Mr. Chairman, Senator Gramm, it is a pleasure to be here today. I am privileged and honored to be sitting in this spot. And I am honored by the President's nomination and appreciate very much also the support of Chairman Don Powell, who has been very supportive since the nomination.

In the almost 2 years that I have served on the Board of Directors of the FDIC, we have witnessed some significant changes in the economy and the banking issues. In fact, Mr. Chairman, you may recall that I was here last September. It happened to be on September 11. We had just started the hearing and were underway only about 5 minutes, when we had to terminate the hearing because of the events of that day which triggered some challenges to our country and to our financial system that no one could have foreseen.

I am proud of my nearly 25 years in the banking business before I came to Washington, DC, which was about 13 years ago, to work for my friend, Former Senator Connie Mack, a period of time which lasted nearly 12 years. The combination of those experiences, the private sector and here on the Hill have allowed me to bring a perspective to the Board's deliberations that recognizes the vital role that banks play in their communities and that their customers play in the communities and in the economy of the Nation as a whole. Before my life in Washington, I was active for many years in a number of different charitable and nonprofit organizations. And the cumulative effect, I think, of that nonprofit experience, the private sector, and the public service since then enables me to evaluate issues which come before the Board of the FDIC in a fair and balanced manner which balances the interests of the banks, their customers, and the deposit insurance funds and the Nation's economy.

Under the leadership of Chairman Don Powell during the past year, the FDIC has been at the forefront of many issues facing the industry. We have brought together leading thinkers on such key issues as corporate transparency, financial institution disclosure, risk management, and, of course, our work with deposit insurance reform. Following up on an initiative that was begun under Chairman Tanoue, we have launched the financial literacy effort called Money Smart with the stated goal of establishing partnerships with 1,000 organizations around the country and every State in the Union and plan to distribute 100,000 copies of Money Smart in three languages and expose a million consumers to this financial literacy program over the next 5 years.

We are also engaged in a major effort to reduce unnecessary regulatory burden and to tap the tremendous potential of technology to streamline bank supervision, while not sacrificing our primary goal of ensuring the safety and soundness and consumer compliance of the Nation's banking system. These are just a few of the initiatives that are underway at the FDIC today.

While the FDIC has been aggressively moving forward on these developing issues, we have not neglected our primary mission of protecting depositors in the event of bank failures. In fact, I believe that the lessons learned in one of those failures was particularly instructive to me as a new Member of the Board about this time last year.

Following the resignation of Chairman Tanoue, I was serving as the Acting Chairman of the FDIC during the failure of Superior Bank in the Chicago area. It wasn't just the size of the institution, about a $2.2 billion institution, that was instructive. As this Committee knows from your oversight, the failure raised a number of issues, ranging from subprime lending, to residuals and accounting opinions to regulatory cooperation and access, to management liability that challenged the leadership and the staff of the FDIC to modify established methods of handling bank failures and to create some innovative new approaches. This experience, along with other experiences during my almost 2 years on the Board, combined with chairing the committees of the Board, standing committees, I think enable me to serve effectively as the Director of the FDIC and as the Vice Chairperson of the FDIC, if I am confirmed.

The FDIC occupies a unique position in our Government. We are keenly aware of the importance of our mission of maintaining the safety and soundness and the trust of the American people and the Nation's financial system. It is an organization with a highly capable, professional, and dedicated staff. I look forward to continuing to work with them in fulfilling our mission. And with all of the successes, I believe that there is still an amazing untapped potential of the FDIC that is just surfacing. I am honored that the President has nominated me for this position and I again thank you for having this hearing.

I am happy to address questions.

Chairman SARBANES. Thank you very much. We appreciate your statement.

Ms. Furchtgott-Roth.

STATEMENT OF DIANA E. FURCHTGOTT-ROTH, OF MARYLAND TO BE A DIRECTOR OF THE FEDERAL HOUSING FINANCE BOARD

Ms. FURCHTGOTT-ROTH. Thank you very much, Mr. Chairman, Senator Gramm, and distinguished Members of the Committee for the opportunity to appear before you today. I am honored that President Bush has nominated me to be a Director of the Federal Housing Finance Board, and I am deeply humbled to appear before you today at this confirmation hearing. If confirmed, I would be the first full-time female Director of the Board.

I want to express my appreciation to you, Mr. Chairman, the Senator from my home State of Maryland. I would also like to express my appreciation to Senator Gramm for everything that he has done on my behalf. He'll be sorely missed by his many friends everywhere.

I would like to take this opportunity to introduce my husband, Harold, and my six children, Leon, Francesca, Jeremy, Godfrey, Theodore, and Richard.

Senator GRAMM. Let's have them all stand up.

Chairman SARBANES. Yes.

[Laughter.]

Senator GRAMM. Beautiful children.

Chairman SARBANES. Yes. Very good. We are pleased to have all of you with us.

Ms. FURCHTGOTT-ROTH. I am very happy that they can take time out of their busy work and school schedules. It was a real fight to get them out of school today on the Code Blue day. They almost wouldn't let us take them out. But we managed, telling them that it was an historic occasion.

I am also profoundly grateful to my parents, Ellen and Gabriel Roth, for making the difficult decision to come here 35 years ago from England. I remember sailing into New York Harbor on Labor Day weekend, 1967, and seeing the Statue of Liberty. To be honest, its symbolism did not mean much to me then as a child. I was just glad that the 5 days of seasickness were over. But it became more and more important as I have grown into adulthood and made the choice to become an American. My parents' decision gave me the opportunity to work in the White House under President Reagan, President George H.W. Bush, and our current President Bush, as well as marrying a wonderful man and having six children. Nowhere else in the world can immigrants have such opportunities.

It is extraordinarily hard to do what my parents did, and pack up all one's possessions and three young children and move to a new country, a country my mother had not even visited. The story is that my father called my mother from the United States and said, "We have to move here, they even heat the bathrooms." Our home in England had kerosene heaters that my father would go around filling every night before he went to bed. There was no heater in our family's only bathroom, as was common practice in many English homes.

And that brings me to the subject of housing, and the Federal Housing Finance Board. Many people ask about my interest in the Federal Housing Finance Board. Housing affects all of us—all of us need somewhere to live. And many either own homes, or aspire to

do so—it is part of the American Dream. With such a large purchase, the financing mechanism is critical.

Our housing and capital markets work so well that many people assume that there is nothing special about them. But, internationally, these well-functioning systems are rare. Our standard fixed 30 year mortgage is not standard in most other countries, even in the developed world. Generally, people in other countries are required to put down much larger sums, and borrow at rates which vary directly with the prime rate of lending. So when the prime rate goes up, mortgage payments unpredictably take more money away from groceries and clothing. And housing can be so scarce that selling a home and moving to another city becomes practically impossible. If I should have the honor of being confirmed, I would try to preserve and to improve the flexible financial systems that America has and make it possible for more Americans to take advantage of them.

The Federal Housing Finance Board oversees the Federal Home Loan Bank System, a group of 12 banks which have $700 billion in assets and approximately 8,000 member banks. The Board makes sure that the System is on a sound financial footing, an important task, as can be seen by recent developments in the corporate and accounting world.

The Federal Home Loan Bank System makes it easier for small banks to lend money to Americans for mortgages. In the first days of banking, banks could only lend out what they had on hand in deposits. Later, they acquired the ability to borrow from some sources to make loans to others. The 8,000 member banks can now, through the Federal Home Loan Banks and the Board's Office of Finance, take advantage of pooling their requests for funds to achieve lower rates, which get passed on directly to the consumer.

About 68 percent of American households own homes. But the rate for minorities is far lower, with fewer than half of Hispanics and African-American households owning homes. President Bush and the Federal Housing Finance Board are trying to raise these levels. The Board's Affordable Housing Program helps improve homeownership among these groups, a vital social goal. Recently, the Board expanded the amount of affordable housing program funds that Federal Home Loan Banks can contribute toward down-payment assistance programs for first-time homebuyers, one of the most important steps in purchasing a home.

Chairman Sarbanes and Members of the Committee, I am honored to appear before you today. If confirmed, I promise to work closely with this Committee and Congress to ensure the safety and soundness of the Federal Home Loan Bank System and fulfillment of the System's affordable housing goals. I look forward to answering any questions that you might have.

Chairman SARBANES. Thank you all very much.

Mr. Reich, let me ask you a couple of questions. When we did the hearing on the failure of Superior Bank, we had that issue about the OTS that refused the FDIC's request to participate in its examination of Superior. But I understand that they then entered into an agreement to allow the FDIC to participate in the other regulators' bank examinations. First, is this correct? And, is the agreement holding in terms of your practice now?

Mr. REICH. It is correct, Mr. Chairman. Not too long thereafter, after a good bit of staff work by the senior staffs of the regulatory agencies, the OTS, the OCC, the FDIC, and the Fed, we did complete a memorandum of understanding for back-up authority. That has been in existence now for probably most of this year. It is working very well.

I want to emphasize that the relationship that currently exists between the Chairman and directors of the regulatory agencies is, I think, excellent today. There have been a number of instances where those agencies have invited us in to participate in examination on an unsolicited, unasked basis.

So, we could not be more pleased today at the FDIC with the interagency cooperation and the way that the other agencies are welcoming the FDIC into examinations of three-, four-, and five-rated institutions, or any kinds of situations where they feel that there may be special interest to us.

Chairman SARBANES. Well, I am encouraged to hear that.

After the failure of Keystone, there was an effort by the Federal bank regulators to propose stricter capital rules to limit the concentration of residuals in banks. The bank failed in September 1999. The comment period closed on December 26, 2000. When we had our first hearing on October 16, 2001, there was still no final rule.

You spoke at that hearing about the importance of updating the capital rules and indicated that you would make every effort to get that done. And at the end of November, the Federal regulators jointly announced the publication of a final rule.

I know that you were instrumental in that process and I just wanted to express my appreciation to you here for doing that. Do you have any sense of why it took so long to bring that to fruition?

Mr. REICH. It was a combination of the complexity of the issues, the number of agencies that were involved in trying to come to terms with what the capital requirements should be and those kinds of situations. But I will say that in the past year or so, and I want to compliment Chairman Don Powell of the FDIC who is the Chairman of the FFIEC, there is at our agency certainly, and I think on the staff of the FFIEC, a heightened sense of urgency. Long timelines within our organization are no longer acceptable. And that heightened sense of urgency has yielded benefits in a number of different areas.

I would also add that greater participation by the principals, greater involvement by the principals in addition to the staff has produced positive results in making things happen in a shorter period of time.

Chairman SARBANES. Ms. Furchtgott-Roth, do you think it would be appropriate for you to be highlighted in an invitation to a political fundraiser as a special guest, being a Member of the Board of the Federal Housing Finance Board, when the invitations to that political fundraiser were going to the institutions for which you are the regulator?

Ms. FURCHTGOTT-ROTH. I understand that according to the ethics regulations, Members of the Board of Directors of the Housing Finance Board are allowed to participate in political events as long as their title is not used, as long as it is just their name that is

used. And it is common practice among many people in the Administration to participate in such events.

Chairman SARBANES. Regulators to do so?

Ms. FURCHTGOTT-ROTH. Yes, it is common practice.

Chairman SARBANES. You do not see a problem? You would be happy with that practice? Would you do it yourself? Would you be bothered by being featured as a special guest at a political fundraiser, and then have the invitations for that fundraiser go to the heads of the institutions that you are charged with regulating?

Ms. FURCHTGOTT-ROTH. I would make sure that I complied with all ethics laws——

Chairman SARBANES. No, no, no. That does not get me to where I want to go. Do you have any problem with that?

Ms. FURCHTGOTT-ROTH. As long as I complied with all the ethics laws, then, and the invitations were sent to a large enough group of people, then I wouldn't have a problem. Of course, just sending it to, say, the 12 bank presidents I would regulate, I would think would pose a problem. If, on the other hand, there were thousands and thousands of invitations sent out, and some of them happened to reach the bank presidents, there is no problem with that under the ethics regulations.

Chairman SARBANES. Well, now, you are a regulator. What is your view of how you should be used for political fundraising? Should you be used at all?

Ms. FURCHTGOTT-ROTH. I think that there are many people in Washington who are in the position of regulating. Political appointees are not covered by the Hatch Act. Those covered by the Hatch Act are not permitted any political activity. But Presidential appointees are not covered by the Hatch Act. And therefore, they are permitted participation, as long as their title is not used, as long as just their name is used.

Chairman SARBANES. Do you remember Eugene Ludwig, who was a Comptroller of the Currency?

Ms. FURCHTGOTT-ROTH. I do, yes.

Chairman SARBANES. He went to a coffee at the White House at which members of the banking industry were present. Do you remember that?

Ms. FURCHTGOTT-ROTH. I do not recall that he went to a coffee at the White House. But I have met Mr. Ludwig and he is an extremely intelligent person, very well informed.

Chairman SARBANES. And he was sharply criticized for that because it was felt, as a regulator, he ought not to be participating in something that arguably, was a political fundraiser, although it was not a charged event. People were not paying for a ticket. It was just, I guess, laying the ground work. But he was sharply criticized for that.

I am trying to get at what your own sensibilities are on this important issue.

Ms. FURCHTGOTT-ROTH. Well, having just finished being Chief Ethics Officer at the Council of Economic Advisors, I am familiar with a lot of these ethics rules, and there are also many of these ethics rules, so much so that each agency needs not only a chief ethics officer, but many other attorneys, to make sure that these laws are complied with. And the Office of Government Ethics has

regular seminars on different aspects of the laws and there are ethics officers at each agency.

If I were put in a situation, I would go to the ethics office at the Federal Housing Finance Board and say, does this comply with the ethics regulations?

Chairman SARBANES. Suppose I came to you and said, I am going to hold a political fundraiser and I am going to invite the heads of the regional home loan banks and their other principal officers to my political fundraiser. And I want to send out this invitation for this political fundraiser and I am going to say in the invitation that you are going to be a featured guest at my political fundraiser. What would you say to me?

Ms. FURCHTGOTT-ROTH. The first thing I would do is I would go to the ethics officer and see if it were legal. If it were legal, then, Chairman Sarbanes, I would say that I would be happy to appear at your fundraiser, as long as it were legal according to——

Chairman SARBANES. Well, I would be unhappy about that. And it seems to me that what you should say to me is I do not think I should do that. I do not think as a regulator of these banks, that I should come to your political fundraiser. Clearly, the appearance of that is not good. Would you agree with that?

Ms. FURCHTGOTT-ROTH. It depends on how many other people are invited. Usually, there are thousands and thousands of people invited to these fundraisers. People get invitations all the time.

Chairman SARBANES. Do you anticipate going around town appearing at political fundraisers?

Ms. FURCHTGOTT-ROTH. I have never been to one before and I have never had my name listed on one before.

Chairman SARBANES. Would you commit now not to go to one as a regulator, that you would regard it as contrary to maintaining an appearance of impartiality?

Ms. FURCHTGOTT-ROTH. I commit myself to always abiding by the ethics laws we have. I mean, there might be circumstances. For example, if you, Chairman Sarbanes, wanted me to come to one of your fundraisers and you thought it would be helpful that I come. And I was not listed as Federal Housing Finance Board. Then, absolutely, I would come.

Chairman SARBANES. I hope that I would have the good sense never to invite you and place you in that position. And were I ever to fall off that standard, I would hope that you would have the good sense to turn me down.

Senator Gramm.

Senator GRAMM. Let me go to this issue.

It seems to me that in terms of your rights as a citizen to attend a fundraiser, I hope that you would not go to Senator Sarbanes' fundraiser.

[Laughter.]

I would hope that you would come to my fundraiser.

But I think there is a distinction you should draw, and let me try to draw it for you. I think in terms of your ability to be an active political citizen, as a Presidential appointee, you have every right to do that.

I do believe that when you are regulating people and your decisions mean potentially millions of dollars to them, that you have

to be very sensitive that no one ever believes that your good offices or your judgment could be for sale. I think that is what Senator Sarbanes is saying.

For example, if I had a fundraiser and the Comptroller of the Currency, who is now a Democrat, came to my fundraiser, I think that would be fine. On the other hand, if I invited him as a special guest and then I invited bankers from around the country who sort of would be coming to visit with him as a special guest, I think that would cross over the line.

And I think that you are going into a totally different situation than you have ever been in before, and I know your sensitivity to wanting to protect your full rights as a citizen because you have political views and you want to support people you support. But when you are a regulator, there is a line that you cannot cross and you have to ask yourself, is my name being used as an attraction to people who might believe that by coming and contributing, they might influence my decisions? And if you conclude that is the case, whatever the ethics rules say, then I would think it was not a very good idea.

Ms. FURCHTGOTT-ROTH. The appearance of impropriety or of propriety is extremely important, especially in this town, as you mentioned in your earlier remarks.

Chairman SARBANES. Does that mean that you agree with Senator Gramm's analysis or that you are still holding to the position that you would refer it to the ethics officer and whatever they, in effect, told you was what you would do?

Ms. FURCHTGOTT-ROTH. Well, the first thing I would do in any case is refer something to the ethics office. I mean, in any case, they know the ins and outs of these kinds of things.

Chairman SARBANES. You could have a standard higher than——

Ms. FURCHTGOTT-ROTH. If it were targeted specially at bank regulators, then that is one thing and I would not be a special guest at that event. But I think the fundraiser to which you are referring, if there were thousands and thousands of invitations sent out and it wasn't targeted at the banking sector—it is difficult to work out beforehand who these invitations go to because there are so many mailing lists that it would be possible that it would get to someone in the banking sector.

Chairman SARBANES. But let us assume that hundreds were sent out, but encompassed within the hundreds were banking institutions for whom you were the regulator and you were being featured as the special guest at the fundraiser.

Ms. FURCHTGOTT-ROTH. I think if it were targeted at a sector I was regulating, I would not participate. If it were a general type of fundraiser, then——

Chairman SARBANES. Well, by participating, we are not talking about showing up at the fundraiser. We are talking about headlined as a special guest at the fundraiser.

Ms. FURCHTGOTT-ROTH. Right.

Chairman SARBANES. So this invitation goes out and it says, come to my fundraiser. My special guest is Ms. Furchtgott-Roth. Now it may or may not say that you are on the finance board, but that is at least for people in the know, that is known. And amongst the invitation list are going to be, although it may be broader than

that, will be people that are in the industry that you are regulating. Would you allow yourself to be listed as a special guest on an invitation of that sort?

Ms. FURCHTGOTT-ROTH. It depends on how broad the mailing list was. If it were a very large mailing list, I would. If it were a small group, I would not.

Senator GRAMM. I think we are probably drawing a distinction here that does not exist. If you recieved an invitation and it is has your name on it, that is your name. You are the special guest. And your name is unusual, but not a household word.

Ms. FURCHTGOTT-ROTH. Right.

Senator GRAMM. And people are being invited to come with you as a special guest, and you have reason to believe that among those who would be invited are people that you would regulate. It seems to me that that is very different than, say, your neighbor hosting a fundraiser—do you live in Virginia or Maryland?

Ms. FURCHTGOTT-ROTH. Maryland.

Senator GRAMM. Your neighbor is hosting a fundraiser for Ellen Saurbrey. And so people in the community send out invitations to people who live in that community and you list the neighbors' names on it. Perfectly legit, it seems to me. But when you are singled out as the honored guest and you know it is going to people that you are regulating, it seems to me that that is bad policy, and it something that you ought not to do.

Ms. FURCHTGOTT-ROTH. Right. If I knew it was going to people I was regulating, then I would avoid it. But sometimes when one does not know who is in all these lists, you say, yes, fine, I will be a special guest at your fundraiser, and then it goes out to standard lists, and you just do not know who is on it.

Chairman SARBANES. Yes, but that is all the more reason not to allow yourself to be used as a special guest. You are moving now into a position in which you have regulatory authority over significant financial institutions. So, you will be in a position to make decisions that have potentially wide economic repercussions for these institutions and for the officers of these institutions. Now it seems to me you have to start thinking in a very different way because just the appearance of being able to influence a regulator's judgment in that political context is a serious matter.

Ms. FURCHTGOTT-ROTH. Mr. Chairman, I have never been listed on any fundraiser as a special guest or anything else. But, as you say, I am moving into a different area. One does see many cabinet secretaries featured as special guests at fundraisers and many of the people invited undoubtedly have ties to some of those areas.

Chairman SARBANES. Well, do you think your role as a regulator and the responsibilities that flow with that are the equivalent to the role of a cabinet secretary?

Ms. FURCHTGOTT-ROTH. Absolutely not. They both regulate different types of areas. A cabinet secretary has far more power and is far broader. Cabinet secretaries have regulatory powers over vast areas. This is just a very small agency.

Chairman SARBANES. No, no, no. My understanding is that the Secretary of the Treasury has to stay removed from the OCC in terms of regulatory decisions which the Comptroller of the Currency makes, and that arena is protected from what would other-

wise be perceived as political interference, or an effort to influence the decisionmaking through political contributions.

Senator GRAMM. Mr. Chairman, let me suggest this. We have a nominee before us who, by her own admission, has never been a guest at a fundraiser. I would like to suggest that you——

Ms. FURCHTGOTT-ROTH. I have never been listed on the program at any of these fundraisers.

Senator GRAMM. Yes. What I would suggest is that you go back and think about this, trying to separate yourself as a citizen and your position as a regulator. This is a small agency, but they have $700 billion.

Ms. FURCHTGOTT-ROTH. Right.

Senator GRAMM. Seven hundred billion dollars. That is a lot of money. And I do believe that, as a regulator, you have a different set of standards and you have to apply what we would call in the country a smell test. Does this look right? Does this smell right? And again, I think you have to differentiate between yourself as a citizen, where you and your neighbors are supporting anybody. And I have a feeling that you would be supporting the right people, so I do not want you to get out of politics, and there is no reason you should. But I do believe that when you are regulating a certain industry, you have to be very careful about any appearance that somehow, through that fundraiser, that you might be influenced. The fact that you are not going to be influenced anyway does not change the fact that there might be a perception.

So, I would like to propose, Mr. Chairman, that we just simply have the candidate go back and think about this special case and send a letter to the Chairman and to me basically stating your conclusion and what kind of commitment you would make about it, because I think what has happened here is, as a person who is a naturalized citizen and very much committed to being a full citizen, this is a special circumstance and it is one I think you need to think about. I think if you could put something into writing on it, having thought about it, I think it would be useful to us.

Ms. FURCHTGOTT-ROTH. Okay. I will do that, yes.

Senator GRAMM. I just want to make a point. The Federal Home Loan Bank Board has been an entity that has worried me. We had a fellow named Bruce Morrison, and he was the Chairman. I guess he was the Chairman of the Board that you will be on. Is that right?

Ms. FURCHTGOTT-ROTH. That is correct, yes.

Senator GRAMM. I was concerned about him to begin with because I thought he was too political. But he had done something very mean to me when I was in the House and I felt if I blocked his nomination, that I would look petty. And so, I let him go. But what happened very quickly thereafter was that, in my mind, just crazy things started happening at the Federal Home Loan Bank Board. Salaries were exploding. And look, I believe in competitive pay. I understand it is hard to get good people. Senator Sarbanes and I are doing this for the glory.

[Laughter.]

I understand it is hard to get good people, but at least my feeling at the end of the last Congress as this was coming to a conclusion was that this was an agency completely out of control.

And so, I would like to ask you, if you are confirmed into this position, to take a hard, long look at the Federal Home Loan Bank Board, at these salary structures, at the whole question of paying directors, because I believe that you are not coming into what I would perceive to be a position where things are in a position that that would be considered the norm. I believe that this was almost a runaway agency 2 years ago. Now, I do not know what has happened in the interim of 2 years.

Ms. FURCHTGOTT-ROTH. The person who made the highest salary in the Federal Government, James Bothwell, $240,000 a year, has just been let go. They had a number of RIF's at the agency, letting go some of these high-paid people and hiring more bank supervisors, more examiners, because they only had eight examiners and there were 12 Federal Home Loan Banks, and they need a lot more examiners.

Senator GRAMM. Well, I do not know what the magic number is, I am just urging you to take a long, hard look at it.

Ms. FURCHTGOTT-ROTH. Right.

Senator GRAMM. Again, I would rather have one good person than 100 bad ones. I do not object to paying people competitive salaries, but I just had the impression 2 years ago that this was a runaway operation. I would like to ask you to take a very close look at it.

Ms. FURCHTGOTT-ROTH. Yes, I certainly would if I had the honor of being confirmed.

Senator GRAMM. Thank you, Mr. Chairman.

Chairman SARBANES. I gather that some of the bank presidents are making between $500,000 to $800,000 a year. Is that right?

Ms. FURCHTGOTT-ROTH. That is correct, yes. They are private entities, though, rather than governmental. They are not Federal Government employees. They are private entities.

Senator GRAMM. Why do they call it Federal Home Loan Bank Board?

Chairman SARBANES. It is a private entity, but only within the Home Loan Bank System.

I think there are some important questions about this System and we would intend to get the Chairman in to answer. Actually, many of the questions we were earlier directing to you need to be directed to him since I was putting to you a hypothetical, but we have a real-life situation with him.

But I do not know what is going on. I am told that the bulk of the Federal Home Loan Bank advances go to a small number of very large members. According to the Board's own data, 30 percent of the total advances of the System go to just 10 institutions. In some home loan bank regions, the concentration is even higher. For example, over 80 percent of the advances from the San Francisco bank go to only five institutions.

Should the Federal Home Loan Banks be primarily devoted to providing low-cost funding to such large institutions? They have direct access. Maybe they should graduate from the System. What is the rationale of providing these, in effect, subsidized advances from the Home Loan Bank in such a highly concentrated form? Do you have a view on that?

Ms. FURCHTGOTT-ROTH. Yes. It does not really make sense when you look at it; but in practice, the way it works is that banks are allowed to borrow as much as they want up to the level of their collateral. There is no cap placed on how much they can borrow. That is why one gets large institutions borrowing so much more than small institutions.

If a small institution had more collateral and wanted to borrow more, that institution could. It is not as though the banks, the large banks, are driving out the small banks in terms of lending because there is no cap on lending in the whole system. As long as there is the collateral, a Federal Home Loan Bank can borrow as much as it wants and a member bank can borrow as much as it wants. That is why you get this situation with these large banks wanting to borrow more than the small ones. In fact, there were more small institutions let in under that magnificent piece of legislation: The Gramm–Leach–Bliley Act allowed more small community banks to become members of the Federal Home Loan Bank without having the 10 percent of their assets in housing.

So one can see that these very small institutions have less of a demand for funds. They do not want to make such big loans as the large ones. That is why one gets to that situation. But there isn't any limit on the borrowing, so the banks can borrow as much as they want.

Chairman SARBANES. I thought the Home Loan Banks were lending significant amounts without collateral in the form of unsecured loans, often through the overnight market.

Ms. FURCHTGOTT-ROTH. The 12 Federal Home Loan Banks have recently completed new capital requirements as mandated under Gramm–Leach–Bliley, and that process is finished. It just finished last August with the Federal Home Loan Bank of New York. They all meet the capital standards set out under the law.

Chairman SARBANES. I thank the panel. Actually, there is a vote on. We will have to defer beginning the next panel until after the vote. We will go and vote, I am not sure whether Senator Gramm can return. I will return in order to conclude the other two nominees. I thank the two nominees for coming before the Committee.

Mr. REICH. Thank you, Mr. Chairman.

Chairman SARBANES. The hearing stands in recess and upon our return, we will go to the third and final panel.

[Recess.]

Chairman SARBANES. We will now turn to our third panel. I apologize to our nominees, but we have no control over these votes, as you can appreciate it. We have two nominees to be Directors of the Securities Investor Protection Corporation: Deborah Doyle McWhinney and Armando J. Bucelo. Did I pronounce it right, sir?

Mr. BUCELO. Yes, you did, Mr Chairman.

Chairman SARBANES. Okay. Before I take your statements, I have to swear you in, as is our practice.

Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BUCELO. I do.

Ms. MCWHINNEY. I do.

Chairman SARBANES. Do you agree to appear and testify before any duly-constituted committee of the U.S. Senate?

Ms. MCWHINNEY. I do.

Mr. BUCELO. I do.

Chairman SARBANES. Please take a seat.

Mr. BUCELO. Thank you.

Chairman SARBANES. Ms. McWhinney, why don't we hear from you first, and then we will go to Mr. Bucelo.

STATEMENT OF DEBORAH DOYLE McWHINNEY OF CALIFORNIA, TO BE A DIRECTOR OF THE SECURITIES INVESTOR PROTECTION CORPORATION

Ms. MCWHINNEY. Mr. Chairman, thank you. Good late afternoon.

Chairman SARBANES. Everyone's gone, yes.

[Laughter.]

Ms. MCWHINNEY. I am President of Schwab Institutional, an arm of the Charles Schwab Corporation that provides services to investors through commission-based independent investment advisors. But beyond my position at Schwab, I am the very proud mother of Megan and Aidan, two wonderful teenagers who could not join me today because of their studies.

Both of my girls are studying U.S. Government now and I just cannot wait to get home today and tell them about this experience. But I particularly want to thank you for exhibiting the kind of attention and diligence in the questioning I have seen here this afternoon that will make them proud to be U.S. citizens. And I mean that in all sincerity. But be nicer to me, please.

[Laughter.]

Chairman SARBANES. I thought we asked a very simple question. We just had trouble getting an answer.

[Laughter.]

Ms. MCWHINNEY. I am not a regulator.

[Laughter.]

Schwab was founded more than 30 years ago on the principle of helping individuals to become educated, informed, and sensible investors—and our company remains focused on the individual investor today. I am honored to have been nominated by President Bush as a Director of the Securities Investor Protection Corporation, where I am looking forward to continuing that focus on the individual investor.

We are all painfully aware of the economic slowdown and stock market fall-off of the last 2 years. The Dow Jones Industrial Average is off more than 34 percent from its January 2000 high, and Nasdaq is down a more startling 77 percent. Millions of individual investors have lost countless trillions of dollars of wealth. For many Americans, those investments constitute the bulk of their retirement savings, the money they were hoping to use to buy a first home or send their kids to college—in sum, their most cherished financial hopes and dreams.

That is why I believe there are few more important organizations than the Securities Investor Protection Corporation. SIPC has a narrow but extremely important role: Whenever a brokerage firm fails or goes bankrupt, SIPC steps in to return the money investors had with that firm as quickly and as painlessly as possible. No

waiting for years of drawn-out court cases and bankruptcy hearings. SIPC gets the cash or securities that the individual investor had with the failed firm and returns it to that investor, so that he or she can move that money to a more reliable company.

I wish that there was not a need for an organization like SIPC. But there is a very real need, and today that need is stronger than it has been in decades. Investors have a lot to worry about, with the accounting and ethics of some of the country's most respected companies now being questioned, the economy in a prolonged downturn, and the stock market retreating to levels not seen in several years. Investors should not have to worry about what happens if their brokerage firm goes under. With SIPC, they do not have to. More than 99 percent of eligible investors get their money back with the SIPC's help. In the past 30 years, more than 600,000 investors have recovered nearly $14 billion in assets with the SIPC's help.

If I am confirmed as a Director of SIPC, I promise the Members of this Committee and the millions of individual investors around the country that I will bring the vigilance and dedication that the role deserves. Individual investors are comfortable knowing that SIPC is behind them if anything should happen, and I will work hard to maintain and strengthen that confidence. In this era of uncertainty about the stock market, SIPC directors should bring nothing less than their full attention to their task. If I am confirmed, I promise to do so in the tradition of the many directors before me who have helped maintain a solid foundation beneath the strongest capital markets in the world.

Thank you very much. I will be happy to answer questions.

Chairman SARBANES. Thank you very much. We appreciate your statement.

Mr. Bucelo.

STATEMENT OF ARMANDO J. BUCELO, JR., OF FLORIDA TO BE A DIRECTOR OF THE SECURITIES INVESTOR PROTECTION CORPORATION

Mr. BUCELO. Mr. Chairman, I am honored to appear before you as President Bush's nominee to serve on the Board of Directors of the Securities Investor Protection Corporation, better known to all of us as SIPC. I am deeply grateful to President Bush for awarding me the privilege of this nomination. It is now my pleasure to introduce my wonderful wife, Beatriz, companion and best friend for over 20 years, and my son, Alexander, a 9 year old baseball star who indeed will play with the New York Yankees one day, and upon his retirement from baseball, hopes to be President. I have also been blessed with two other children, Alexis Marie, a 17 year old National Honor Society student ranked in the top percentile of her class, and blessed with the gift of pen and speech. And last, but not least, my 15 year old son, Armando Joseph, who is taller than I am and is considered an excellent swimmer and water polo player, and who, along with Alexis and myself, is a black belt first degree in karate. Mr. Chairman, and Members of the Committee, I thank God every day for my family.

I am a proud Cuban-born American citizen. I arriving in this great country of ours over 40 years ago, with my parents looking

for freedom and opportunity for my sister and I. Because of my father, Dr. Bucelo, and my mother Carmen, 83 and 74 years young respectively, I am what I am today. We are forever thankful and appreciative of the opportunities given to us by the United States of America.

I have been an attorney for the past 23 years, specializing primarily in real estate, corporate, and banking. As a result of my professional endeavors, I have been exposed to a myriad of career opportunities dealing in said fields. I had the opportunity to serve as a Director of Freddie Mac—Federal Home Loan Mortgage Association—during President George Bush's Administration. During my tenure at Freddie Mac, I was able to cooperate in the efforts to lead such a powerful and gigantic institution into its preparations for the 21st century. I also had the pleasure to serve as Cuban American National Chairman of the National Republican Senatorial Committee, where I attempted to establish a substantial dialogue, as well as a strong working relationship between Cuban Americans in this country and Members of the Senate. Among other activities, I am currently a Director of the National Housing and Development Corporation, created in 1997, to help preserve more of the Nation's at-risk affordable housing stock. Its principal purpose is to improve the quality of life of all of our national residents, making clean, safe, and attractive, family housing, as well as affordable rents its foundation. Finally, I serve as the Trustee of Miami-Dade Community College, the largest community college in the Nation, and from which I am a proud graduate.

As we all know, SIPC was created by the Securities Investors Protection Act of 1970, to provide certain protections against losses to customers from the failure of securities firms.

If honored by confirmation by the U.S. Senate, I vow to be a strong advocate for fairness and common sense. As a newcomer to the world of SIPC, I will promptly learn all I need to in order to work closely with this Committee, the Senate, and Members of the House of Representatives. I may not know the answers to may questions today, but I give you my word I do anticipate and welcome the charge for which I have been selected with both eagerness and humility. Mr. Chairman, I thank you for the opportunity you have given me to speak before you. I, along with the rest of this country, admire the work all of you are doing on our behalf, and I personally want to congratulate you for guiding us through these difficult times.

Thank you, and I will be more than happy to answer any of your questions, sir.

Chairman SARBANES. Thank you very much, sir.

The first question I want to put to both of you is, presumably, and I think you made reference to it, Ms. McWhinney, in your questionnaire. But you both, I assume, have had discussions with SIPC on how to handle any possible conflict of interest because these are part-time appointments and you will each continue in your current employment, as I understand it.

Mr. BUCELO. That is correct.

Ms. MCWHINNEY. That is correct.

Chairman SARBANES. Have you had such discussions to work out the arrangements for recusals and so forth?

Ms. MCWHINNEY. I have been covered both by the Office of Government Ethics, and then I also had a conversation with Michael Dunn about that, and should anything come up with Schwab or any of its subsidiaries, I would recuse myself.

Chairman SARBANES. Have you worked out a written protocol, or was that an oral protocol?

Ms. MCWHINNEY. It was a written protocol with Government Ethics that I signed, I believe in December of last year, when the process started.

Chairman SARBANES. All right. Good.

Ms. MCWHINNEY. I have been in positions when I was in banking where I have had to do that before. So, I have some experience when I have to draw the line.

Chairman SARBANES. Okay. Good.

Mr. BUCELO. Same case here, Mr. Chairman. I was with Freddie Mac for a number of years. I have not been fully briefed by SIPC. I have not met with them, but I have carried many conversations with its president. And by all means, I am aware of the consequences and I intend to fully abide by them.

Chairman SARBANES. It is interesting, these organizations, people get nominated by the President, and we are happy to consider them, but you would think that the agency to which they were going would—this is not directed to you, it is directed to them—would invest some time and effort in preparing their prospective directors for the hearings before the Senate. You can go back and tell SIPC I said that.

Ms. MCWHINNEY. Actually, with all due respect, Mr. Dunn has spent quite a bit of time with me.

Chairman SARBANES. Okay.

Ms. MCWHINNEY. This began over a year ago and several times I have talked to him about it, even before I came to meet with Presidential staffing last summer. Their website is actually pretty good and has a lot of information on it that you can garner. Then I spent this morning with them going over a lot more in depth.

Chairman SARBANES. I am pleased to hear that.

Mr. BUCELO. I could not meet with him, but he has always been available, Mr. Chairman.

Chairman SARBANES. Okay.

Mr. BUCELO. And every time I have needed something, he has been there to respond.

Chairman SARBANES. Now, Mr. Bucelo, I was just kind of curious. How large is your law office?

Mr. BUCELO. You are looking at it.

Chairman SARBANES. Okay.

[Laughter.]

So, you are a sole practitioner.

Mr. BUCELO. Yes, sir, I am.

Chairman SARBANES. That is a tough road to hoe, isn't it?

Mr. BUCELO. Especially when my partner and boss is sitting right behind me.

[Laughter.]

She is my top paralegal. We do primarily corporate banking and real estate. And by that I mean we represent loan closings. We have a title company called Metro-Dade Title. So whenever John

and Mary go borrow money, they go to a bank, process the loan, I do the title work.

Chairman SARBANES. Okay. How old were you when you came to the United States?

Mr. BUCELO. I was very young, 5, 6 years old.

Chairman SARBANES. So, you did all of your schooling, then, down in Florida.

Mr. BUCELO. Yes, sir, I did. My father was an attorney—is—he is very much alive, an attorney and judge in Cuba. We came over here. As a matter of fact, he had just finished a serious bout with hepatitis. He almost died. We came here. He began working. My mother did the same. Went to school, went to Miami-Dade Community College. Ironically enough, that is where I sit now as trustee. That is at the top of the heap. That is the institution that gave me the opportunity to continue. Then I went to the University of Miami undergraduate and law school.

Chairman SARBANES. Was your father able to——

Mr. BUCELO. No, he never did because of the language barrier. He is retired. He was a realtor for many years.

Chairman SARBANES. In May 2001, the General Accounting Office issued a report called *Securities Investor Protection—Steps Needed to Better Disclose SIPC Policies to Investors*. They made a number of recommendations there. They wanted greater transparency from SIPC and more information provided to the investors. Are either of you familiar with that report?

Mr. BUCELO. Yes, sir, I am.

Ms. MCWHINNEY. Yes.

Mr. BUCELO. I briefly reviewed it.

Chairman SARBANES. Well, I commend it to you. We think it made a number of worthwhile proposals.

I know SIPC recently instituted new informational programs for the benefit of investors, and I would appreciate it if you all would look at the report and its recommendations and its workings.

Obviously, at this particular time, we have to do everything we can to try to restore and bolster investor confidence. And SIPC is part of that. I mean, it is not right in the center of it, but it is part of that total picture.

We passed the legislation here for making accountants accountable and corporate governance. But we need to strengthen all of the institutions that deal with it, and SIPC is one of them. So, I think you would be assuming your responsibilities at a particularly important time. And we do have this pretty recent GAO study which gives us some ideas.

SIPC—how often will you all be meeting?

Mr. BUCELO. Four or five times a year.

Chairman SARBANES. For a couple of days each time? How does that work?

Mr. BUCELO. Pretty much.

Chairman SARBANES. There is a question about the adequacy of the SIPC fund reserve. In fact, I understand that SIPC has commissioned a study to analyze the adequacy of the current level of its reserves, which are $1.2 billion, but they hold about $3 trillion of investor securities. Of course, that is a very wide gap there. It is important to monitor the adequacy of the SIPC fund reserves in

light of contemporary market conditions and I would commend that to you as well.

Questions have been raised about the responsiveness and cost of the trustees who are hired by SIPC to handle investor claims from failed broker-dealers. One article stated, "Their critics say that trustees wanting repeat business from the corporation have an incentive to minimize pay-outs to investors." *The New York Times* had an article entitled: "Many Holes Weaken Safety Net For Victims Of Failed Brokerages."

If confirmed, would you, oversee this process to assure both that trustees honor appropriate investor claims without undue burdens? And that the costs of administering the claims program are appropriate for the work performed and for the benefits received by the investors?

Ms. MCWHINNEY. Definitely.

Mr. BUCELO. Yes, sir.

Chairman SARBANES. You are in a very key position. Arthur Levitt, as I have heard him speak on more than one occasion, that you have this huge population of investors and, yet, they are the least, as it were, well organized to protect their interests. We set up these various institutions to try to do that. Of course, you do not get into the act until someone elsewhere has defaulted on their responsibility and then you end up trying to help ameliorate the situation. But that is a very important role and it is part of the system that we have structured now to try to make people feel more confident.

The broker-dealers are controlled by the market officials and they are tightening up their whole approach. But this is an important responsibility that you are taking on, and we wish you well in it. And we appreciate your coming. I have no further questions.

I know you have to catch a plane sometime soon, and I want to make sure that you do that.

Mr. BUCELO. Thank you, Mr. Chairman.

Ms. MCWHINNEY. Thank you.

Chairman SARBANES. Thank you all very much.

The hearing stands adjourned.

[Whereupon, at 5:15 p.m., the hearing was adjourned.]

[Prepared statements, biographical sketches of the nominees, and additional material supplied for the record follow:]

PREPARED STATEMENT OF SENATOR WAYNE ALLARD

Mr. Chairman, today we have an impressive line-up of nominees for a number of different positions and agencies. I appreciate your commitment to promptly confirming nominees. With the Nation at war the President needs a strong team in place.

In particular, I am interested in our two HUD nominees. Through my work on the Housing Subcommittee I have seen how important it is to have top level appointments at the Department of Housing and Urban Development. It is my hope that we can get these officials confirmed quickly.

For the benefit of all the nominees, let me raise a point I consider very important—we need results-based management. In particular, I would ask all the nominees to study carefully the Government Performance and Results Act and apply it to their decisionmaking process.

Finally, I would urge you to communicate regularly with Congress and keep us informed of your work. We all have a common goal of wanting to provide effective and efficient service for American taxpayers, and good communication will help us both. I look forward to working closely with each of the nominees.

PREPARED STATEMENT OF ALBERTO F. TREVIÑO

ASSISTANT SECRETARY-DESIGNATE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

OCTOBER 3, 2002

Chairman Sarbanes and Members of the Committee, it is an honor and privilege to appear before you as President Bush's nominee for Assistant Secretary for Policy Development and Research at the Department of Housing and Urban Development.

I am looking forward to the prospect of leading HUD's Office of Policy Development and Research to develop creative, well-structured solutions to the housing and the community development problems facing the Nation. If confirmed, I intend to implement a long-term strategic approach to problem solving that uses research and analysis to gain a comprehensive understanding of the problems confronting our cities and rural communities. This understanding will provide a strong foundation for innovative, long-term solutions.

While I recognize the need to apply creative problem solving to the immediate issues facing the Nation, I believe it is equally important to anticipate issues the country will face in the coming decades. This will enable PD&R to develop productive policy options addressing emerging issues.

Another very important responsibility of the Office of Policy Development and Research is to conduct evaluations of HUD's programs ensuring the programs are operating as Congress intended. The Secretary's fiscal year 2003 budget envisions an expansion of this important activity.

I would like to thank you for scheduling this hearing during a very busy time in the session. I look forward to learning of key issues and concerns of this Committee to ensure PD&R's research agenda fully addresses them.

I appreciate your time and look forward to working with members of the staff of this Committee.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: **Treviño** (Last) **Alberto** (First) **Faustino** (Other)

Position to which nominated: Assistant Secretary, Policy Development & Research, HUD

Date of nomination: December 7, 2001

Date of birth: 28 December 1931 (Day) (Month) (Year) **Place of birth:** Inglewood, California

Marital Status: Married **Full name of spouse:** Dolores Marie Treviño

Name and ages of children: Paul – 45; Anita-44; Teresa-42; Leo-39; Vincent-38; Dominic-36; M. Marguerita-35; Clare-33; J.Antonio-30; John-29; Laurence-24

Education:

Institution	Dates attended	Degrees received	Dates of degrees
University of California, Berkeley	1952-57	B.S.	February 1957
Harvard University	1957-58	MLA.	June 1958

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or chievement.

None

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Dates
None Current	
American Society of Landscape Architects	1958 – 1990
Harvard Club	1960 – 1985
University Club of Los Angeles	1970 – 1975

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

Principal Planner	Victor Gruen Associates, Architects,	Los Angeles, California	1958 – 1960
Assistant Professor of Landscape Architecture, California State University,		Pomona, Pomona, California	1960
Manager of Planning	The Irvine Company	Irvine, California	1961 – 1966
Manager of Research	General Electric Company	Los Angeles, CA, New York, NY	1966 – 1969
President & CEO	Concept Environment, Inc.	Laguna Beach, California	1968 – 1970
Principal & President	Urban Interface Group	Laguna Beach, California	1970 – 1973
Assistant Secretary & GM	Dept. HUD, New Communities, Corp.	Washington, DC	1973 – 1974
Vice President	Walt Disney Company	Burbank, California	1974 – 1975
Principal & General Mg.	UIG/Alberto F. Treviño Advisors	Laguna Beach, California	1975 to date

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

Assistant Secretary Department of Housing and Urban Development, Washington, DC 1973 – 1974
General Manager and Member of the Board of the New Community Corporation
Consultant (Urban Interface Group) U.S. Department of Transportation: Research Management on New Systems and Para Transit.

Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

"The New University and Community Development" 1965
Urban Land Institute, Washington, DC
"Insights Into System Building" 1970
Urban Land Institute, Washington, DC

Political Affiliations and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

None

Qualifications: State fully your qualifications to serve in the position to which you have been named. (See attached Biographical Information of Alberto F. Treviño)

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

   Yes

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

   No plans

3. Has anybody made you a commitment to a job after you leave government?

   No

4. Do you expect to serve the full term for which you have been appointed?

   Yes

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

   None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

   None

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

   None

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

   None

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

   No conflicts

Civil, criminal and investigatory actions:

1. Give the full derails of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

   None

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

   None

PREPARED STATEMENT OF CAROLYN Y. PEOPLES

ASSISTANT SECRETARY-DESIGNATE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

OCTOBER 3, 2002

Chairman Sarbanes, Ranking Member Gramm, and distinguished Members of this Committee, thank you for giving me the privilege to address this Committee in consideration of my confirmation as Assistant Secretary for Fair Housing and Equal Opportunity.

I am here today with some very special people in my life. They are my husband and my three children, my sisters, and brothers. I also want to acknowledge my friends from Catholic Charities, MANPHA, The Beacon Institute, the Office of Fair Housing and Equal Opportunity, and the University of Baltimore.

First, I would like to share a little of my background with you today. I am one of seven children born to the late Julius and Cornelia Jacobs. I was born and raised in Baltimore, Maryland. My father served in the U.S. Army and worked most of his life as a laborer; my mother was a housewife. For several years, we lived in public housing and I attended local schools. From an economic standpoint, we were considered poor. But as a family, we were rich . . . rich in faith, character, values, and humor with a closeness that endures even today. My mother, without doubt, was instrumental in forming my character and strong work ethic. Throughout my public education, she always encouraged me to "do my best." It is that drive for excellence that both inspires and motivates me in all my endeavors.

Prior to my nomination by President Bush, I was Founder and Executive Director of Jeremiah Housing, Inc., a faith-based, nonprofit housing services organization. Preceding this, my professional experience for the past 25 years has been exclusively in the operation, coordination, and management of HUD-assisted and sponsored housing. Beginning in 1976, as a manager of a Section 202/8 housing facility for the Presbytery of Baltimore, I left there in 1980 and joined the Housing Services Division of Catholic Charities. Over a 19 year period, I progressed in various positions. I attended the University of Baltimore and earned a BS degree in Finance and a Master's degree in Business Administration.

As I was preparing for this testimony and thinking about fair housing, I began to reflect upon discrimination and how it impacts lives. I liken discrimination to an inflicted wound. The wound eventually heals, but invariably leaves a scar. As a woman of color, I have experienced discrimination. One such experience when I was 8 years old left, an indelible imprint on me. My mother took me to a department store in downtown Baltimore. After choosing several items of clothing, she took them to the counter to pay for them. For several minutes, I watched as a the sales lady waited on other people, but would not wait on my mother. After all the customers standing next to my mother had been waited on and exited the store, my mother remained at the counter until the sales lady finally waited on her. When we left the store, I asked my mother why the lady would not wait on her. Her reply to me was, "because we are colored."

Discrimination in any form is demeaning. Whether it comes as a result of being denied housing because you have children, or if a real estate agent steers you to a "certain" community or a lender charges you extra fees not charged to other people—discrimination is wrong and is against the law.

Moreover, discrimination has a social impact. Just as my mother and I had to wait in that department store until all others were served, discrimination in America has denied many the opportunity to share in the prosperity of this Nation. Since the passage of the 1968 Fair Housing Act, significant progress has been made in reducing barriers to fair housing and expanding homeownership opportunities for the historical victims of discrimination. Despite all that has been accomplished, more needs to be done. No one should be denied the home of their dreams because of their race, color, religion, national origin, sex, familial status, or disability.

While the Nation's homeownership has reached a record high, a large gap still remains between the percentage of minorities and whites who own their own homes (48 percent African-American–47.6 percent Hispanic compared to 74.3 percent for whites). We must do all we can to ensure that discrimination is removed as a barrier to the achievement of the American Dream.

The extent to which discrimination against persons with disabilities exists today is also problematic. Currently, HUD receives nearly as many complaints of disability discrimination as it does race complaints. There is a significant lack of accessible housing units for persons with disabilities, both in private and subsidized housing. Noncompliance with the accessibility requirements combined with the fail-

ure of landlords to provide necessary accommodations and modifications has contributed to a shortage of housing for persons with disabilities in housing developments.

I have a strong interest in helping to improve the quality of life for underserved and unserved persons. If I am confirmed by the Senate to this most important post, I pledge my full commitment to aggressively enforce civil rights and fair housing laws; to be diligent in conducting timely investigations; to continue to reduce impediments to fair housing laws; to develop close working partnerships with faith-based and grassroots organizations, local government and other agencies; to enforce departmental equal employment opportunity laws; to ensure effective program monitoring and compliance and develop performance-based measurements to ensure quality.

With my extensive experience in HUD's programs and policies, combined with 25 years of proven management, organizational, and policy development skills, I am eager to join the fine staff of the Office of Fair Housing and Equal Opportunity in implementation of our strategic goals and objectives.

In closing, I want to thank the honorable Senator from my home State of Maryland, Senator Sarbanes, and the Members of the Committee for your courtesy. I want to thank President Bush for honoring me with the opportunity to serve in his Administration, and to Secretary Mel Martinez for his strong support in the several months since my nomination. Finally, but not least, I want to thank God for bestowing His grace and this special honor upon me.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: **Peoples** (Last) **Carolyn** (First) **Y.** (Other)

Position to which nominated: **Assistant Secretary Fair Housing & Equal Opportunity**

Date of nomination:

Date of birth: **16** (Day) **June** (Month) **1944** (Year) **Place of birth: Baltimore, Maryland**

Marital Status: Married **Full name of spouse: Dennis A. Peoples**

Name and ages of children:

Jacqueline McCrearry 35

Cheryl Peoples 30

Derrick Peoples 26

Education:

Institution	Dates attended	Degrees received	Dates of degrees
University of Baltimore	1984-86	MBA	May 1986
University of Baltimore	1974-84	BS	May 1984

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

Community Service Award, Baltimore City Council 1981
Mayor's Citizen Award, Baltimore City 1988
Outstanding Service Award, Catholic Charities 1999
Volunteer of the Year Award, The Beacon Institute 2000
Trustee Award, Maryland Association of Nonprofit Health & Housing 1998

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Maryland Association of Nonprofit Health & Housing	Trustee	1992-1998
The Beacon Institute	Director	1998-2002
Board of Governors, University of Baltimore	Member	2000-2001
American Association of Homes & Services to the Aging	Director	1995-1998
Olde Mill Estate Community Association	President	1996-2002
Carver Alumni Association	Secretary	1996-2002

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

CEO 1999-2002
Jeremiah Housing, Inc.
4321 Mary Ridge Drive
Randallstown, MD 21133

Director of Operations 1990 - 1999
Associated Catholic Charities, Housing Services Division
320 Cathedral Street
Baltimore, Maryland 21201

Program Administrator 1985-1990
Associated Catholic Charities, Housing Services Division
320 Cathedral Street
Baltimore, Maryland 21201

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

None

Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

Articles were written for various trade associations on topics dealing with supportive services for seniors. The articles were printed in newsletters from the American Association of Homes & Services for the Aging, the Mid-Atlantic Association of Nonprofit Health & Housing and The Beacon Institute.

Political Affiliations and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

President, Northwest Republican Committee
Alternate, Baltimore County Republican Central Committee
Committee For Bush Campaign

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

None

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet) **See Attachment**

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes, I will sever all connections.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I have no plans to resume business operations after completion of government service.

3. Has anybody made you a commitment to a job after you leave government?

No

4. Do you expect to serve the full term for which you have been appointed?

Yes.

Senate Confirmation Questionnaire
(Carolyn Y. Peoples)

Qualifications:

My work experience for the past 26 years has been in the operation and management of decent, safe and affordable housing for low and moderate income seniors. As director of operations, with direct oversight of over 800 multifamily housing units located in scattered sites in Baltimore City, Baltimore County, Anne Arundel County and Garrett County, I was responsible for the administration of HUD and CDA policies under the Section 202 program, the Project Rental Assistance Contract (PRAC), the 202/Section 8 program and the Low Income Tax Credit program.

A major component of these housing policies required a clear understanding of the Fair Housing program. It was my responsibility to ensure that management staff be knowledgeable of all aspects of housing discrimination so that no one was denied housing based on race, national origin, religion, color, sex, familial status or handicap.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.
   - **Pension Plan (Defined Benefit Plan) with Catholic Archdiocese of Baltimore, MD**
   - **401(k) – T.R. Price Spectrum Income Fund with United Presbyterian Ministries Baltimore, MD (No additional contributions by myself or my former employer)**

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

Same as #1 above.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

There are none to report

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

There are none to report.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

I have executed an ethics agreement in which I have recused myself from participating in any matter that will have a direct and predictable effect on the ability or willingness of Baltimore's Catholic Archdiocese to provide the retirement benefit that I receive from the Archdiocese's defined benefit plan.

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

There are no such proceedings.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

There are no such proceedings.

PREPARED STATEMENT OF RAFAEL E. CUÉLLAR

BOARD MEMBER-DESIGNATE, NATIONAL CONSUMER COOPERATIVE BANK

OCTOBER 3, 2002

Chairman Sarbanes and distinguished Members of the Committee, I am honored to appear today before you as a nominee for the Board of Directors of the National Consumer Cooperative Bank.

I am here because I believe my combined experience, as a military officer, entrepreneur, and community leader is consistent with the mission of the National Consumer Cooperative Bank. It was established to address the financial needs of an underserved community. The Bank's primary lines of business include multifamily and commercial real estate services, commerical and small business banking, community development, and personal banking. To date, NCB has provided more than $6 billion in financing, thousands of homeownership opportunities, school facilities for 4,500 students, 1,000 affordable assisted-living units, a health center serving 100,000 patients annually and more than 10,000 employee stock owners. In short, the bank provides economic empowerment.

My goal on this Board is to bring these options to communities like my own in Passaic, New Jersey. Once a deserted area of marginalized immigrants that had to commute to New York for work, it is now a thriving center of commerce because business people like my father invested and started businesses to increase the city's economic vitality. My father would say, "No se puede sacar sin dar."—"You cannot take without giving."

With those words in mind, I left to join the United States Navy at the age of 17. This country had given my family opportunity when we arrived as immigrants in 1970; I knew that opportunity came with responsibility. And so it was for 9 years as I worked my way up the ranks from enlisted to officer. I attended Fordham University on a NROTC scholarship and received my Bachelor's degree in Economics. The regimented training and discipline prepared me for an even greater challenge.

After my father's sudden death in 1996, I resigned my commission to fulfill my family duty and care for the business my father began years before. I have been President and Chief Executice Officer of ECO & Sons, Inc. for 7 years. In that time, I have significantly increased revenue every year, diversified our products and services, and created new jobs to expand the employee base. I inherited a large "bodega" in debt, however today due to strategic planning and investment, ECO & Sons, Inc. makes a profit through a successful independent supermarket, an upscale catering company, and an e-commerce site that survived the Internet downturn. Currently, I own one of the top 500 Hispanic businesses in the country, according to *Hispanic Business Magazine.*

In addition, I was selected as 1999 Dun & Bradstreet Number 2 Minority Entrepreneur, 1999 Finalist for Ernst & Young's Entrepreneur of the Year, 1999 *Hispanic Business Magazine* Entrepreneur of the Year, 2000 Finalist for *Hispanic Business Magazine* Entrepreneur of the Year, and 2001 Finalist for Ernst & Young's Entrepreneur of the Year. To share the benefits of my success, I work with several organizations including the Paterson Restoration Corporation, New Jersey State Chamber of Commerce, the William Paterson University Foundation, and the United States Hispanic Chamber of Commerce—to name a few.

While those accolades look great on a resume, what I am really proud of is building a partnership with my community. They know I am there to service their needs whether it is for groceries or otherwise. For instance, the Passaic fire last year put 75 families out on the street without shelter or food. They came to me and we fed those families three meals a day for 2 weeks and they ate with dignity because that food came from a supermarket that they patronize. I was humbled that they came to me instead of one of the many big chain stores. I connect with my customers and peers alike.

I understand and have overcome the challenges that face minority entrepreneurs—the lack of capital, scarce resources, no mentoring. The NCB has developed and implemented a successful model, a public and private sector partnership, to solve these problems and provide innovative solutions. With my experience, I will be an integral part of those solutions.

I would be proud to serve on the Board of Directors of the National Consumer Cooperative Bank, and I truly appreciate your consideration.

Allow me to answer any questions that you may have.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: **Cuellar** (Last) **Rafael** (First) **Eduardo** (Other)

Position to which nominated: **Board of National Cooperative Consumer Bank**

Date of nomination:

Date of birth: 06-03-69 (Day) (Month) (Year) **Place of birth:** Madrid, Spain

Marital Status: Married **Full name of spouse:** Monica Susana Villalobos-Cuellar

Name and ages of children: None

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Fordham University, Bronx, NY	1990-1994	BA – Economics	6/94
Naval Reserve Officer Training Corp, State University New York Maritime			

Honors **List below all scholarships, fellowships, honorary degrees, military medals, awards, honorary society memberships and any other special recognitions for outstanding service or achievement.**

1999 Dun & Bradstreet #2 Minority Entrepreneur List
1999 Finalist for Ernst & Young's Entrepreneur of the Year
1999 Hispanic Magazine Entrepreneur of the Year
2000 Finalist Hispanic Business Magazine Entrepreneur of the Year
2001 Finalist for Ernst & Young's Entrepreneur of the Year
NROTC Scholarship
National Defense Medal
Expert Pistol Medal
Sea Service
Meritorious Unit Commendation

Memberships: **List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.**

Organization	Office held (if any)	Dates
New Jersey Right to Know Advisory Council	Gubernatorial Appointee	1998 - Present
Paterson Restoration Corporation,NJ	Mayoral Appointee	1997 - Present
Bergen Cnty Hispanic Chamber of Commerce	1st Vice-President	1999 - 2002
New Jersey State Chamber of Commerce	Board Member	1999 - Present
North Jersey Regional Chamber of Commerce	Board Member	1998 - 2001
William Paterson University Foundation,NJ	Board Member	1999 - Present
United Way of Passaic County,NJ	Former Board Member	1996 - 2002
Greater Paterson Chamber of Commerce,NJ	Former Board Member	1997 - 2001
United States Hispanic Chamber of Commerce	Former Board Member	1997 - 2000
Boys and Girls Club, Passaic,NJ	Former Board Member	1998 - 2002
St. Mary's Hospital, Passaic, NJ	Former Board Member	1998 - 2001
Statewide Hispanic Chamber of Commerce,NJ	Former Board Member	1996 - 1999
National Hispanic Leadership Agenda	Former Board Member	1999 - 2000
Food Marketing Institute	Member	1996 - Present
Republican Eagles	Member	1998 - 2001

Employment record: **List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.**

President/CEO
ECO & Sons, Inc, Passaic, NJ 1996-Present

- Restructured existing management model and marketing plan
- Strategically renovated business, complete redesign of President Supermarket in 1997
- Expanded catering division, Presidential Caterers, and acquired additional property
- Increased sales 25% in first year and doubled weekly sales by end of 2nd year as CEO
- Diversified business revenue into web development business, Latin Online Services, LLC
- Launched debut e-commerce site, LatinoNetShopper.com

Government experience: **List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.**

U.S. Navy	Lieutenant, U.S.S. DETROIT AOE-4	1987-1996
New Jersey Right to Know Advisory Council	Gubernatorial Appointee	1998
Paterson Restoration Corporation,NJ	Mayoral Appointee	1997

Published

Writings: **List the titles, publishers and dates of books, articles, reports or other published material you have written.**

"How The New America Shops And Eats" Panelist 2002
Merchandising and Marketing Conference, Orlando, FL

"Doing Business in Minority Communities" Panelist 2001
Rutgers Business School, Jersey City, NJ

"Living @ the Speed of Bytes..." Panelist 2000
Fordham University Alumni, New York, NY

"Corporate Stewardship: Effecting Societal Change through your business" 2000
FMI Show, McCormick Place, Chicago, IL

"Why The Census Is Important To Retailers" 1999
Article published in Griffin's Modern Grocer

"Marketing to the Latino U.S. Population" 1997
Texas Food Industry Association Convention, Houston, TX

"Doing Business with the Hispanic Retailer" 1996
UNISON Seminar with representatives of major food distributors, Rutherford, NJ

Political Affiliations and activities: **List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.**

Member, Republican Eagles

Political Contributions: **Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.**

See Attachment A

Qualifications:

State fully your qualifications to serve in the position to which you have been named.

See Attachment B

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

No unless required to do so.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

Yes

3. Has anybody made you a commitment to a job after you leave government?

No

4. Do you expect to serve the full term for which you have been appointed?

Yes

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

N/A

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

None

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

Attachment A

Contributor	Occupation	Date	Amount	Recipient
CUELLAR, RAFAELEDUARDO MR PASSAIC, NJ 07055	PRESIDENT SUPERMARKET/PRESIDENT & C	6/27/2001	$625	Republican National Cmte
CUELLAR, RAFAELEDUARDO MR PASSAIC, NJ 07055	PRESIDENT SUPERMARKET/PRESIDENT & C	5/25/2001	$625	Republican National Cmte
CUELLAR, RAFAELEDUARDO MR PASSAIC, NJ 07055	PRESIDENT SUPERMARKET/PRESIDENT & C	4/27/2001	$625	Republican National Cmte
CUELLAR, RAFAEL PASSAIC, NJ 07055	PRESIDENTAL CATERERS/C.E.O.	4/5/2001	$300	Menendez, Robert
CUELLAR, RAFAEL PASSAIC, NJ 07055	PRESIDENTAL CATERERS/C.E.O.	4/5/2001	$300	Menendez, Robert
CUELLAR, RAFAEL PASSAIC, NJ 07055	PRESIDENTAL CATERERS/C.E.O.	4/5/2001	$700	Menendez, Robert
CUELLAR, RAFAEL PASSAIC, NJ 07055	PRESIDENTAL CATERERS/C.E.O.	4/5/2001	$700	Menendez, Robert
CUELLAR, RAFAEL PATERSON, NJ 07503	PRESIDENT SUPERMARKET/PRESIDENT	3/12/2001	$600	Pascrell, Bill Jr
CUELLAR, RAFAELEDUARDO MR PASSAIC, NJ 07055	PRESIDENT SUPERMARKET/PRESIDENT & C	2/22/2001	$625	Republican National Cmte
CUELLAR, RAFAEL EDUARDO PASSAIC, NJ 07055	E C O & SONS INC	1/27/2001	$2,200	RNC/Repub National State Elections Cmte
CUELLAR, RAFAEL EDUARDO PASSAIC, NJ 07055	E C O & SONS INC	12/20/2000	$625	Republican National Cmte
CUELLAR, RAFAEL EDUARDO PASSAIC, NJ 07055	E C O & SONS INC	11/20/2000	$625	Republican National Cmte
CUELLAR, RAFAEL PASSAIC, NJ 07055	ECO & SONS INC	10/23/2000	$1,000	New Jersey Republican State Cmte
CUELLAR, RAFAEL EDUARDO PASSAIC, NJ 07055	E C O & SONS INC	10/19/2000	$625	Republican National Cmte
CUELLAR, RAFAEL EDUARDO PASSAIC, NJ 07055	E C O & SONS INC	8/17/2000	$625	Republican National Cmte
CUELLAR, RAFAEL EDUARDO PASSAIC, NJ 07055	E C O & SONS INC	7/13/2000	$1,100	RNC/Repub National State Elections Cmte
CUELLAR, RAFAEL PASSAIC, NJ 07055	ECO & SONS INC	7/11/2000	$400	New Jersey Republican State Cmte

CUELLAR, RAFAEL EDUARDO PASSAIC, NJ 07055	E C O & SONS INC	5/17/2000	$625	Republican National Cmte
CUELLAR, RAFAEL PATERSON, NJ 07503	ECO & SONS INC	4/25/2000	$500	Menendez, Robert
CUELLAR, RAFAEL EDUARDO PASSAIC, NJ 07055	E C O & SONS INC	4/19/2000	$625	Republican National Cmte
CUELLAR, RAFAEL EDUARDO PASSAIC, NJ 07055	E C O & SONS INC	3/17/2000	$625	Republican National Cmte
CUELLAR, RAFAEL PATERSON, NJ 07503	PRESIDENT SUPERMARKET	11/27/1999	$300	Pascrell, Bill Jr
CUELLAR, RAFAEL E PATERSON, NJ 07503	ECO & SONS INC	8/28/1999	-$1,000	Bush, George W
CUELLAR, RAFAEL E PATERSON, NJ 7503	ECO & SONS INC	8/28/1999	$1,000	Bush, George W
CUELLAR, RAFAEL E PATERSON, NJ 07503	ECO & SONS INC	6/30/1999	$1,000	Bush, George W
CUELLAR, DAISY PATERSON, NJ 07503	ECO & SONS INC	6/30/1999	$1,000	Bush, George W
CUELLAR, RAFAEL E PATERSON, NJ 07503	ECO & SONS INC	4/21/1999	$500	Bush, George W
CUELLAR, RAFAEL E PATERSON, NJ 07503	ECO & SONS INC	4/21/1999	$500	Bush, George W
CUELLAR, RAFAEL PATERSON, NJ 07503	PRESIDENT SUPERMARKET	3/16/1999	$250	Pascrell, Bill Jr
CUELLAR, DAISY PATERSON, NJ 07503	ECO & SONS INC	3/8/1999	$1,000	Torricelli, Robert G
CUELLAR, RAFAEL EDUARDO PASSAIC, NJ 07055	E C O & SONS INC	2/12/1999	$7,500	RNC/Repub National State Elections Cmte
CUELLAR, RAFAEL EDUARDO PASSAIC, NJ 07055	E C O & SONS INC	12/4/1998	$500	Republican National Cmte
CUELLAR, RAFAEL PATERSON, NJ 07503	PRESIDENT SUPERMARKETS	9/30/1998	$200	Pascrell, William J Jr
CUELLAR, RAFAEL PATERSON, NJ 07503	PRESIDENT SUPERMARKET	3/18/1998	$500	Menendez, Robert
CUELLAR, RAFAEL PATERSON, NJ 07503		2/25/1998	$500	Pascrell, William J Jr
CUELLAR, RAFAEL PATERSON, NJ 07503	PRESIDENT SUPERMARKET	2/25/1998	-$500	Pascrell, William J Jr
CUELLAR, RAFAEL PATERSON, NJ 07503	PRESIDENT SUPERMARKET	2/25/1998	$500	Pascrell, William J Jr
CUELLAR, RAFAEL PASSAIC, NJ 07055		12/2/1997	$450	Pascrell, William J Jr
CUELLAR, DAISY PATERSON, NJ 07503	ECO & SONS INC	9/4/1997	$200	Menendez, Robert
CUELLAR, RAFAEL PATERSON, NJ 07503	PRESIDENT SUPERMARKETS	6/30/1997	$250	Pascrell, William J Jr
CUELLAR, RAFAEL E PATERSON, NJ 07503	PRESIDENT SUPERMARKETS	3/17/1997	$300	Pascrell, William J Jr

ATTACHMENT B

Qualifications:
State fully your qualifications to serve in the position to which you have been named.

My primary qualifications to serve on the board of the National Cooperative Consumer Board are previous experience on lending boards, exposure to business loan applicants and success as small business owner.

As a board member of the Paterson Restoration Corporation, I interact with other community leaders to negotiate with local agencies in an effort to stimulate the economic vitality of Paterson, NJ. This includes analysis of potential areas of improvement, understanding of community needs and maintaining budgets to create and efficient lending model.

On the United States Hispanic Chamber of Commerce, I reviewed and assisted in developing accessible capital to business loan applicants. In addition to the capital, various resources were made available to potential borrowers such as technology enhancements, mentor programs and financial counseling to insure the success of these new businesses.

Finally, as a businessowner myself, I have become well versed in the issues that face borrowers either to start a company or expand one. I have lectured extensively in the food industry to educate independent supermarket owners on developing methods to increase profit margins. Furthermore, I have been recognized by various organizations for helping other minority borrowers gain access to capital and increase their productivity.

Overall, my experience on the local to national level has prepared me to accept the position on the board of the National Cooperative Consumer Bank.

PREPARED STATEMENT OF MICHAEL D. SCOTT

BOARD MEMBER-DESIGNATE, NATIONAL CONSUMER COOPERATIVE BANK

OCTOBER 3, 2002

Chairman Sarbanes, Senator Gramm, distinguished Members of the Committee, it is an honor and privilege for me to appear before you today as the President's nominee to be a Member of the Board of Directors of the National Consumer Cooperative Bank (NCB).

Before I begin my statement, I would like to thank my wife Janet, and my children, Zachary and Taylor. Without their understanding, patience, and support, I could not be here before you. Unfortunately, they are not able to be here today, as they continue to live in North Carolina until we sell our home.

I would also like to thank Under Secretary Peter Fisher, Assistant Secretary Brian Roseboro, and Deputy Assistant Secretary Roger Kodat for all of their support. Finally, I would like to thank President Bush for the honor of this nomination and the opportunity to serve.

I am, and if confirmed, will continue to be, the Senior Advisor to the Deputy Assistant Secretary for Government Financial Policy at the U.S. Department of the Treasury. Prior to serving in the Administration, all of my previous experience has been in the private sector. I have worked extensively in finance, capital markets, investments, corporate strategy, financial analysis, and commercial lending.

It is my current and former experience that I believe will enable me to be an effective contributor to NCB's Board. NCB plays a vital role in meeting the underserved needs of America's cooperatives, which range from housing cooperatives to affordable housing communities to small businesses to Alaska Native Corporations and Tribal Entities. I hope to bring constructive ideas to the Board that will help grow NCB in the important sectors it serves. Additionally, I am keenly interested in NCB's capital structure and assisting it in addressing the statutory repayment of the Class A Notes that the Federal Government holds, and that mature in 2020. NCB is a multifaceted financial services company that enables cooperative endeavors throughout America to grow and succeed. These businesses are large and small. They serve rural and urban communities. NCB helps them by crafting financial solutions tailored to their individual needs and the needs of their members. Chartered by Congress in 1978, NCB was privatized in 1981 as a cooperatively owned financial institution. Currently, NCB is owned by 1,841 of its customers.

NCB's capital base is funded by long-term subordinated notes, medium-term notes and commercial paper, loans from its banking partners and customers, deposits through its subsidiary, NCB FSB, and stock purchased by NCB members. The Bank's medium-term notes and commercial paper carry investment-grade ratings.

NCB's primary lines of business include: Multifamily and commercial real estate, commercial and small business banking, community development services, and personal banking.

- To date, NCB has provided more than $6 billion in financing.
- Combined with balance sheet assets and letters of credit, NCB now manages more than $3.6 billion in assets nationwide.
- NCB reported a profit of $14.6 million for the first 6 months of 2002. In early September of this year, NCB distributed approximately $12.6 million in patronage dividends to its member-owners in the form of cash and stock.
- Last year alone:

  1. The Bank grew its deposit base by 50 percent, further diversifying its funding sources and lowering the capital costs for its customers.
  2. The Bank received reaffirmation of its investment-grade ratings by Moody's (Baa1) and Standard & Poor's (BBB).

NCB has a distinguished history of serving the cooperative community and I believe that its future is extremely bright. I would appreciate your support so that I may be able to contribute to its future.

In closing, I would like to take this opportunity to thank you, Mr. Chairman, and the Committee for the prompt consideration of my nomination. Mr. Chairman, if confirmed, I commit to you, the Members and the NCB, all of my energy to serve with distinction and honor. I would be delighted to answer any questions you and other Members of the Committee may have.

Thank you.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Scott (Last) Michael (First) David (Other)

Position to which nominated: Member of the Board of Directors, National Consumer Cooperative Bank

Date of nomination: September 4, 2002

Date of birth: 24 (Day) June (Month) 1963 (Year) **Place of birth:** Columbus, Ohio

Marital Status: Married **Full name of spouse:** Janet Carol Scott

Name and ages of children: Zachary Michael Scott (7 Years)
Taylor Lynne Scott (4 Years)

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Boston College	06/91 – 05/94	MBA	05/94
The Ohio State University	01/02 – 03/87	BSBA	03/87

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

None

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Association for Investment Management and Research	None	February 2000 – Present
The North Carolina Society of Financial Analysts	None	February 2000 – Present
Boston College Club	None	January 1998 – Present
River Run County Club	None	April 1998 – Present

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

Title	Company	Location	Dates
Senior Advisor	U.S. Department of the Treasury	Washington, D.C.	January 2001 – Present
Private Investor/Analyst	Self	Davidson, NC	May 1996 – September 2001
Manager	MAXIMUS, Inc.	Rockville, MD	June 1999 – September 2001 (Part-Time)
Manager	MAXIMUS, Inc.	Rockville, MD	October 1996 – February 1999
VP – Strategic Business Development	Associates First Capital (Associates Leasing, Inc./Associates Commercial Corp.– now CitiCapital)	Carrollton, TX	December 1989 – May 1996
Regional Manager	BancNewEngland Leasing Group	Boston, MA	June 1987 – December 1989

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

Title	Department	Location	Dates
Senior Advisor	U.S. Department of the Treasury	Washington, D.C.	September 2001 – Present

Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

None

Political Affiliations and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Volunteer – Bush for President, Inc./Bush-Cheney 2000, Inc.

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

Recipient	Amount	Date
Bush for President, Inc.	$500.00	June 1999
Bush for President, Inc.	$250.00	June 1999
Bush for President, Inc.	$250.00	March 1999
Dole for President	$1,000.00	January 1996

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

I am the Senior Advisor to the Deputy Assistant Secretary for Government Financial Policy for the U.S. Department of the Treasury, and as such I meet the requirement of the National Consumer Cooperative Bank Act for the selection of a member of the Board of Directors by the President of the United States "...from among the officers of the agencies and departments of the United States." 12 U.S.C. at 3013(b)(1)(C).

A Member of the Board of Directors of any entity has special fiduciary responsibilities to the stakeholders of that entity as well as a responsibility to promote good corporate governance. My education and work experience allow me to bring a critical, reasoned thought process to the fiduciary responsibilities and the issue of corporate governance. I have significant experience in finance, capital markets, corporate strategy and financial analysis. My experience has been gained in the Federal government, investments, consulting and commercial lending. I believe that my work in these areas will enable me to contribute effectively to enhance the National Consumer Cooperative Bank's (NCB) mandated mission of meeting the underserved needs of America's cooperatives. I believe that my experience with the capital markets will allow me to add significant value to NCB as it seeks to raise additional capital and prepares to re-pay the Federal government's Class A Notes due in 2020.

There are many aspects to serving as a Director, many are known, some are unknown. I have a demonstrated history of bringing creative and thoughtful solutions to issues and problems. If confirmed, I will continue to do so on behalf of the NCB.

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

   I am employed by the U.S. Department of the Treasury and will remain employed by the Department if confirmed by the Senate.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

   I have no plans to return to any of my previous employers.

3. Has anybody made you a commitment to a job after you leave government?

   No

4. Do you expect to serve the full term for which you have been appointed?

   Yes

Potential conflicts

of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

Not Applicable

Civil, criminal and investigatory actions:

1. Give the full derails of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

In December 1984, I was stopped for DUI by the Perrysburg, OH Police Department. I paid a $274 fine and received a 60-day license suspension. This was heard by the Perrysburg Municipal Court, Perrysburg, OH 43551

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

PREPARED STATEMENT OF JOHN M. REICH

VICE CHAIRPERSON-DESIGNATE, BOARD OF DIRECTORS
FEDERAL DEPOSIT INSURANCE CORPORATION

OCTOBER 3, 2002

Mr. Chairman, I want to thank you for scheduling this hearing today, as I know your time is limited in the remaining days of this session. Chairman Sarbanes, Senator Gramm, Members of the Committee, I am honored by the President's nomination to be the Vice Chairperson of the Federal Deposit Insurance Corporation, and I am privileged to be sitting in this spot this afternoon. I also appreciate the support which FDIC Chairman Don Powell has given my nomination.

In the almost 2 years I have served as a Member of the FDIC Board we have witnessed significant change in the economy and banking issues. In fact, Mr. Chairman, you may recall that I was about to testify at this very table on September 11 when the events of that day stopped the hearing and triggered challenges and changes to our country's financial system that no one could have foreseen.

My nearly 25 years of experience as a community banker before I came to Washington to work with my good friend, Former Senator Connie Mack for nearly 12 years, has allowed me to bring a perspective to the Board's deliberations that recognizes the vital role that banks and their customers play in the economic success of their communities. Before my life in Washington, I was active for many years in a variety of community service organizations, and the affect of all of these private, nonprofit, and public service experiences causes me to evaluate issues which come before the Board in a manner which balances the interests of banks, consumers, the deposit insurance funds, and the Nation's economy.

Under the leadership of Chairman Don Powell during the past year, the FDIC has been, and is, at the forefront of many of the issues facing the financial industry today. We have brought together leading thinkers on such key issues as corporate transparency, financial institution disclosure, and risk management, and, of course, our work on Deposit Insurance Reform. We have launched a major financial literacy effort called Money Smart with the stated goal of establishing partnerships with 1,000 organizations and institutions, in all 50 States, to distribute 100,000 copies of Money Smart in three languages and expose one million consumers to our financial education program over the next 5 years.

We are also engaged in a major effort to reduce unnecessary regulatory burden and to tap the tremendous potential of technology to streamline bank supervision—while not sacrificing our primary goal of ensuring the safety and soundness and consumer compliance of the banking system. These are just a few of the many initiatives and activities underway at the FDIC today.

While the FDIC has been aggressively moving forward on these developing issues, we have not neglected our primary mission of protecting depositors in the event of bank failures. In fact, I believe that the lessons I learned in one of those failures provide me with a unique credential to serve as Vice Chairperson of the FDIC.

Following the resignation of former Chairman Donna Tanoue in July 2001, I was serving as the Acting Chairman of the FDIC when Superior Bank failed on July 27, 2001. It was not just the size of this failure—more than $2 billion in assets—that was instructive. As this Committee knows from its oversight, this failure raised a number of issues ranging from subprime lending, to residuals and accounting opinions, to regulator cooperation and access, to management liability, that challenged the leadership and staff of the FDIC to modify established methods of handling bank failures and to create some innovative new approaches. This experience along with other experiences gained during the past nearly 2 years I have served on the Board, combined with my duties chairing of all of the standing committees of the FDIC Board help, I believe, to enable me to serve effectively as Vice Chairman of the FDIC.

Mr. Chairman, the FDIC occupies a unique position in the American Government. We are keenly aware of the importance of our mission of maintaining confidence and trust of the American people in the Nation's financial system. It is an organization with an outstanding, highly capable, professional staff. I look forward to my continued affiliation with both its mission and its people. With all of its successes, I also believe that there is still an amazing untapped potential at the FDIC that is just surfacing and will help shape the contours of the financial system for years to come. I am honored the President has nominated me to play an important role in that future, and, again, I wish to thank you for holding this hearing. I will be happy to address any questions you many have.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: REICH (LAST) John (FIRST) M. (OTHER)

Position to which nominated: Vice Chairman, F.D.I.C. Date of nomination:

Date of birth: 7 (DAY) Oct. (MONTH) 1939 (YEAR) Place of birth: MATTOON, ILLINOIS

Marital status: MARRIED Full name of spouse: PATRICIA J. REICH

Name and ages of children: STEVEN K. REICH (36) LINDSEY J. REICH (12)
SCOTT E. REICH (35)
MICHAEL W. REICH (32)

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Southern Illinois Univ.	1953-1957	B.S.	6/1957
Univ. of South Florida	1987-1989	MBA	8/1993 *

* (Obtained after completing 3 courses at George Mason University, Fairfax, VA. and transferring credit to USF.)

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
LEE MEMORIAL HOSPITAL FORT MYERS, FLORIDA	CHAIRMAN OF BOARD	1974-75
SARASOTA FAMILY YMCA SARASOTA, FLORIDA	CHAIRMAN OF BOARD	1982-84
ROTARY CLUB OF SARASOTA BAY	—	1978-88
NATIONAL PRESBYTERIAN CHURCH	VICE PRESIDENT BOARD OF TRUSTEES	1999-2001

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

SEE ATTACHED EXHIBIT A

Government experience:

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part-time service or positions.

(1) Current member of FDIC Board of Directors
(2) Current Vice Chairman of Neighborhood Reinvestment Corp.
(3) From 1961 to 1964, I served as an Internal Revenue Agent.
(4) From 1962 to 1968 I served in the U.S. Army Reserves.

Published writings:

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

See attached copy of an op-ed which appeared in the American Banker on August , 2001. (Exhibit B)

Political affiliations and activities:

List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None, other than serving as a staff member - Deputy COS and COS for U.S. Senator Connie Mack (R-Fl) from 1989 through 1/3/2001.

Political contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify the specific amounts, dates, and names of the recipients.

NONE

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

See attached - NEXT PAGE 4(a)

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

   Not Applicable to my current circumstances

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

   No. I expect to retire when I leave the Board of the FDIC.

3. Has anybody made you a commitment to a job after you leave government?

   No.

4. Do you expect to serve the full term for which you have been appointed?

   Yes.

Qualifications to serve as Vice Chairman of the FDIC

- **Nearing completion of 2 years service as a Director of the FDIC, currently serving as chairman of all Board Committees, including Audit Committee, Supervisory Appeals Committee, Assessment Appeals Committee, and Case Review Committee (considers enforcement actions against banks and bankers)**

- **Approximately 25 years in community banking, including experience as**

    1. **Controller of unit bank institution**
    2. **Organized and opened new bank charter**
    3. **Treasurer/CFO and founding member of board of a multi-bank holding company**
    4. **12 years as President/CEO of $450 million, 19 office institution**
    5. **Community activist – hospital board president, YMCA board president, numerous other community service activities**

- **Nearly 12 years service in United States Senate as Deputy Chief of Staff and Chief of Staff to U.S. Senator Connie Mack (retired) from 1989 to 2001.**

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

NONE.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

NONE

3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

NONE

4. List any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

NONE

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items.

N/A.

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

In May, 1994, I was a defendant in a civil action - a personal injury lawsuit, filed in Court of Common Pleas, Clark County, Ohio, Case #94-CV-0220. Minor auto accident with no physical damage to vehicles. Plaintiff, Sheila M. Ryan, claimed soft tissue damage to neck or back. Insurer, Allstate, settled out of Court.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

NONE

EXHIBIT A

JOHN M. REICH

Office:
Federal Deposit Insurance Corporation
550 17th Street, NW, Washington, DC 20429
(O) 202-898-3888 e-mail: *jreich@fdic.gov*

Home:
7013 Dreams Way Court
Alexandria, Virginia 22315
(H) 703-971-6542 e-mail: *johnmreich@aol.com*

Professional Experience

Federal Deposit Insurance Corporation — **1/16/2001 to Present**
Director

United States Senate:
Chief of Staff to U.S. Senator Connie Mack — **1997 to 1/03/2001**
Deputy Chief of Staff — **1989 to 1997**
Direct and oversee all offices and committee activity including legislative, press, scheduling, constituent service, and other administrative functions, including 6 offices in the State of Florida; oversee management of Joint Economic Committee and Senate Republican Conference, of which Senator Connie Mack serves as Chairman.

Coast Federal Savings & Loan Association, Sarasota, Florida — **8/1988 to 2/1989**
Senior Vice President
Recruited to develop commercial banking services for this savings institution. Resigned within 6 months because of lack of management support and consensus on direction of company; institution was sold a short time later.

C & S National Bank of Florida & Subsidiaries, & Predecessors, including Landmark Banking Corporation and Southwest Florida Banks, Inc., as follows: — **1967 to 1987**

National Bank of Sarasota — **1977 to 1987**
President & Chief Executive Officer
Took over a community bank with assets of $75 million, 3 offices, 90 employees and directed its growth to $450 million institution with 19 offices, 320 employees. Successfully managed profitability, deposit & loan growth, branch expansion, asset & liability management, all operations. Kept losses and classified assets below industry averages. Achieved ROA between 1.10% and 1.50%. Maintained low delinquency rates and c/o's under 0.50%.

First Commercial Bank, Fort Myers, Florida — **1975 to 1977**
President & Chief Executive Officer
Planned and organized new state-chartered subsidiary bank; obtained regulatory approvals from Federal Reserve and FDIC; directed pre-opening process; selected staff; managed bank to $20 million profitable institution targeting commercial business owners and professionals.

Southwest Florida Banks, Inc., Fort Myers, Florida — **1972 to 1975**
Vice President, Sec-Treas., & Chief Financial Officer
One of original organizers of bank holding company; charter member of Board of Directors. Obtained all regulatory approvals from Federal Reserve and SEC for creation of company; developed and implemented accounting and financial reporting system for subsidiary banks; assisted in negotiating bank acquisitions and mergers; managed investment portfolio; responsible for financial presentations to Board of Directors, shareholders, and financial analysts.

First National Bank, Fort Myers, Florida — **1967 to 1972**
Senior Vice President & Controller
Chief Financial Officer and Secretary to the Board of Directors; designed and implemented financial

JOHN M. REICH

reporting system; converted bank to a computerized accounting system; managed bank investment portfolio. Participated in developing plans to organize a multi-bank holding company.

Professional Experience (continued)

Busey First National Bank, Urbana, Illinois **1964 to 1967**
Cashier and Operations Officer
Directed all operating functions of small community bank - tellers, bookkeeping, customer service, loan operations and accounting.

U.S. Treasury Department **1961 to 1964**
Field Agent, Internal Revenue Service, Urbana, Ill.
Completed IRS tax training, developed comprehensive knowledge of tax law for individuals, partnerships, & corporations. Conducted field audits and investigations, examined and audited federal income tax returns, books and records, primarily of small and medium sized businesses to determine compliance with tax law.

Education and Professional Development

B.S. Degree in Accounting, Southern Illinois University
Master of Business Administration, University of South Florida
Graduate, School of Banking of the South, Louisiana State University
Loan Portfolio Management, Ohio State University
Commercial Bank Management Program, Columbia University
Seminar for Senior Bank Officers, Harvard University

Community Activities

Chairman, Board of Trustees, Lee Memorial Hospital, Fort Myers, Fl., *650 bed hospital*
Chairman, Board of Directors, Sarasota Family YMCA
Board Member, Southwest Florida Symphony Orchestra, Sarasota, Fl.
Board Member, L.I.F.E. Drug Program, Sarasota, Fl.
Board Member, Sarasota Little League and Babe Ruth Baseball Association
Manager, Sarasota Babe Ruth Baseball Team
Board Member and Treasurer, Southwest Florida Boy Scouts of America
Rotary Club of Sarasota Bay
32nd Degree Mason; member of Egypt Shrine Temple of Sarasota, Fl.
Deacon, Presbyterian Church USA
Vice President, Board of Trustees, National Presbyterian Church, Washington, D.C.

Personal

Married, 4 children; U.S. citizen; Birthplace: Mattoon, Illinois
Hobbies: tennis, snowskiing, reading, piano, genealogy, photography

EXHIBIT B

OP-ED: The Lessons of Superior *by John M. Reich, Member, FDIC Board*

It was like *déjà vu* all over again.

Late last month, the Federal Deposit Insurance Corporation entered the offices of Superior Bank, FSB, a Chicago-area thrift, and took over as conservator. This failure could well be one of the most expensive closings since the banking crisis of the late 1980s and early 1990s. As such, Superior's failure is already attracting appropriate scrutiny from the Congress and the regulatory community with everyone asking: What lessons can we learn to prevent this from happening again?

This is a good question and we would not be doing our job if we were not asking it. But the troubling fact is that the lessons of Superior's failure are not new ones. Instead, there seems to be a trend developing.

Since 1998, the FDIC has lost more than a billion dollars to failures that all share a disturbingly similar profile with Superior. Without question, these institutions all suffered from inadequate management. Any assignment of 'blame' must begin and end there. But it is also entirely appropriate in these circumstances for those of us in the regulatory community to take hard look at our own policies and determine what we can do to going forward to detect these problems earlier and help prevent future losses.

Three costly failures – First National Bank of Keystone, BestBank, and Pacific Thrift and Loan – occurred since 1998. While fraud was clearly an issue in the cases of Keystone and BestBank, it can be fairly said that these failures resulted from a volatile mix of poor management and internal controls, faulty accounting opinions, and portfolios heavy on subprime lending. In the case of Keystone, Superior and PT&L, these factors were combined with the excessive retention of volatile assets resulting from securitizations.

Trapped in this vortex, these apparently healthy banks failed with alarming suddenness, leaving the landscape littered with questions about how the failures happened, who is responsible, and where we should go from here.

The answers to these questions should not be news to anyone. The FDIC has been making the case for years that these factors were figuring more and more prominently in troubled institutions and were increasing the risk to the deposit insurance funds. We have also outlined several policy proposals we believe would help prevent this scenario from repeating itself.

But the lengthy rulemaking process, a fragmented regulatory structure, an otherwise booming banking sector, and industry inattention prevented a comprehensive, expeditious approach to addressing these concerns. Now, perhaps, it is appropriate to describe again each of these areas of concern and make the case for industry and regulatory attention.

Poor management and subprime lending. These two factors joined hands to spell doom for Superior and the other costly failures we're discussing here. It is important to stress

that subprime lending is simply the extension of credit to borrowers with less-than-perfect credit histories. There is nothing inherently harmful in this activity, and most subprime lenders are well capitalized and well managed. This sort of banking benefits society and provides healthy profits for many financial institutions. But, without question, it is a risky line of business. When accompanied by poor management, inadequate record-keeping, and loose internal controls, it can result in a very costly failure with the FDIC picking up the tab.

About two percent of insured institutions have significant subprime portfolios. Yet, they represent about 20 percent of the institutions on our 'problem bank' list. We testified on Capitol Hill after the Keystone failure about the need for subprime lenders to hold capital commensurate with the risk. Earlier this year – despite complaints from the industry – we instructed our field examiners to scrutinize the risk management and capital levels of subprime lenders.

We should explore ways to do more. Non-bank subprime lenders are far better capitalized than their FDIC-insured cousins. In 1998, the common equity capital ratio for non-bank subprime lenders was 22.5 percent, as compared to 10.3 percent in banks conducting those activities. This disparity occurs because market pressures force the non-bank lenders to hold more reserves in order to attract outside investment. Is there any reason banking regulators cannot do the same? The potential for regulatory arbitrage concerns me. I want to make sure the FDIC's product remains oriented toward providing deposit insurance and depositor confidence. I do not want FDIC insurance becoming a shortcut to avoiding market discipline on risky activities.

Residuals and accounting opinions. As was the case with management and subprime lending, volatile assets and accounting valuations are linked. And without question they figured prominently in the demise of Superior and other recent costly failures.

A residual is that portion of the loan risk and revenue stream retained in the institution after the remainder of the loan has been securitized and sold off. These assets are highly volatile and it is difficult to precisely determine their value.

It is no surprise, then, that this uncertainty yields optimistic assumptions about future cash flows. Thanks to the magic of gain-on-sale accounting, these inflated estimates of future revenue are booked as assets right away. And it is often the case that these assumptions are validated by reputable accounting firms, giving the numbers a heft they may not deserve. But here is the rub: if the assumptions change the value can plummet, and the institution's equity capital can be severely impaired.

This is precisely what happened in the costly failures of the late 1990s. In response, the banking regulators issued supervisory guidance encouraging bank management to limit the amount of residuals kept on the books as equity capital. We further stated the valuations must be supported by verifiable documentation of the residuals' fair market value utilizing reasonable, conservative assumptions.

Now comes Superior, caught in the residual trap, and fitting the profile of Keystone and PT&L. This latest failure makes clear that we can and must do more to limit institutions' exposure to these volatile assets. Just last year, the bank regulators released for comment a proposal requiring dollar-for-dollar capital against residuals and limiting institutions' residuals exposure to 25 percent of tier-one capital. This would go a long way toward limiting the overall exposure of institutions to residuals and protecting the FDIC from sudden, costly failures.

This proposal is still in the rulemaking process; the subject matter is complicated and we want to make sure we do not approve anything that could adversely impact well managed institutions or harm the securitization market. But we should work quickly to iron out the details and implement this plan to protect financial institutions and the FDIC from this sort of exposure.

I am also concerned about situations where an accounting change-of-heart can – in one fell swoop – render an apparently healthy bank insolvent. We have issued notices and advisories on the importance of good accounting, but – four failures and at least a billion dollars later – it appears we can and should do more.

Interagency cooperation and FDIC access. Finally, banking regulators should make sure the FDIC has full access to all banks and thrifts. This is needed to assess the degree of risk to the deposit insurance funds and to make preparations for handling the institution if it should fail. Our inability, on occasion, to get into troubled institutions has kept us out of the loop – but still on the hook financially – at critical junctures. This was the case in the Keystone situation and it happened again with Superior. This is not about second-guessing the primary regulator. It is about two heads being better than one in situations where a bank's condition is deteriorating and the FDIC's insurance funds are on the line.

In this case, reform begins at home. The FDIC Board's own complicated procedures prevent quick access to banks and thrifts when the primary regulator denies our participation. One of my goals on the Board of the FDIC is to establish a better mechanism for regulatory cooperation when dealing with troubled institutions.

So there are several important lessons we should learn from the failure of Superior Bank, and a number of things we can do to help prevent a similar failure from happening in the future. The unfortunate fact is we should have learned these lessons last time. And the two times before that.

Maybe now we can find the will to avoid another one of these costly episodes of *déjà vu* all over again.

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PREPARED STATEMENT OF DIANA E. FURCHTGOTT-ROTH

DIRECTOR-DESIGNATE, FEDERAL HOUSING FINANCE BOARD

OCTOBER 3, 2002

Thank you very much, Mr. Chairman, Senator Gramm, and distinguished Members of the Committee for the opportunity to appear before you today. I am honored that President Bush has nominated me to be a Director of the Federal Housing Finance Board and I am deeply humbled to appear before you today at this confirmation hearing. If confirmed, I would be the first full-time female Director of the Board.

I want to express my appreciation to you, Mr. Chairman, the Senator from my home State of Maryland. I would also like to express my appreciation to Senator Gramm for everything that he has done on my behalf. He will be sorely missed by his many friends everywhere.

I would like to take this opportunity to introduce my husband, Harold, and my six children, Leon, Francesca, Jeremy, Godfrey, Theodore, and Richard.

I am also profoundly grateful to my parents, Ellen and Gabriel Roth, for making the difficult decision to come here 35 years ago from England. I remember sailing into New York Harbor on Labor Day weekend, 1967, and seeing the Statue of Liberty. To be honest, its symbolism did not mean much to me then as a child. I was just glad that the 5 days of sea sickness were over. But it became more and more important as I have grown into adulthood and made the choice to become an American. My parents' decision gave me the opportunity to work in the White House under President Reagan, President George H.W. Bush, and our current President Bush, as well as marrying a wonderful man and having six children. Nowhere else in the world can immigrants have such opportunities.

It is extraordinarily hard to do what my parents did, and pack up all one's possessions and three young children and move to a new country, a country my mother had not even visited. The story is that my father called my mother from the United States and said, "We have to move here, they even heat the bathrooms." Our home in England had kerosene heaters that my father would go around filling every night before he went to bed. There was no heater in our family's only bathroom, as was common practice in many English homes.

And that brings me to the subject of housing, and the Federal Housing Finance Board. Many people ask about my interest in the Federal Housing Board. Housing affects all of us—all of us need somewhere to live. And many either own homes, or aspire to do so—it is part of the American Dream. With such a large purchase, the financing mechanism is critical.

Our housing and capital markets work so well that many people assume that there is nothing special about them. But, internationally, these well-functioning systems are rare. Our standard fixed 30 year mortgage is not standard in most other countries, even in the developed world. Generally people in other countries are required to put down much larger sums, and borrow at rates which vary directly with the prime rate of lending. So when the prime rate goes up, mortgage payments unpredictably take more money away from groceries and clothing. And housing can be so scarce that selling a home and moving to another city becomes practically impossible. If I should have the honor of being confirmed, I would try to preserve and improve the flexible financial systems that America has and make it possible for more Americans to take advantage of them.

The Federal Housing Finance Board oversees the Federal Home Loan Bank System, a group of 12 banks which have $700 billion in assets and approximately 8,000 member banks. The Board makes sure that the System is on a sound financial footing, an important task, as can be seen by recent developments in the corporate and accounting world.

The Federal Home Loan Bank System makes it easier for small banks to lend money to Americans for mortgages. In the first days of banking, banks could only lend out what they had on hand in deposits. Later, they acquired the ability to borrow from some sources to make loans to others. The 8,000 member banks can now, through the Federal Home Loan Banks and the Board's Office of Finance, take advantage of pooling their requests for funds to achieve lower rates, which get passed on directly to the consumer.

About 68 percent of American households own homes. But the rate for minorities is far lower, with fewer than half of Hispanics and African-American households owning homes. President Bush and the Federal Housing Finance Board are trying to raise these levels. The Board's Affordable Housing Program helps improve homeownership among these groups, a vital social goal. Recently, the Board expanded the amount of Affordable Housing Program funds that Federal Home Loan Banks can

contribute toward downpayment assistance programs for first-time homebuyers, one of the most important steps in purchasing a home.

Chairman Sarbanes and Members of the Committee, I am honored to appear before you today. If confirmed, I promise to work closely with this Committee and Congress to ensure the safety and soundness of the Federal Home Loan Bank System and fulfillment of the System's affordable housing goals. I look forward to answering any questions that you might have.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Furchtgott-Roth (Last) Diana (First) E. (Other)

Position to which nominated: Director, Federal Housing Finance Board

Date of nomination: May 23, 2002

Date of birth: April 4, 1958 (Day) (Month) (Year) **Place of birth:** London, England

Marital Status: Married **Full name of spouse:** Harold Furchtgott-Roth

Name and ages of children:

Leon Furchtgott, 13
Francesca Furchtgott, 12
Jeremy Furchtgott, 10
Godfrey Furchtgott, 8
Theodore Furchtgott, 6
Richard Furchtgott, 4

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Swarthmore College	1975-79	B.A. cum laude/Ecnomics	1979
Oxford University	1979-83	M.Phil./Economics	1982

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
The Nature Conservancy		2002 to present
Friends of the National Zoo		2000 to present
American Economic Association		1984 to present
National Tax Association		mid 1980s to present
Shareowner, Merrimack Park Recreation Association (Swim Club)		1998 to present
Adas Israel Congregation		1988 to 1994
Ohr Kodesh Congregation		1994 to present
Brasenose College Charitable Foundation		Board Member,1985 to 1995
Adas Israel Congregation		1989 to 1994
Advisory Board, Independent Women's Forum		1993 to 2000
National Economists Club	Vice President	1987-1988
National Economists Club	President	1988-1989
National Economists Club	Chairman of the Board	1989-1990
National Economists Club	Member of the Board	1990-1992

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

Chief of Staff, Council of Economic Advisers, Washington, D.C., March 2001-present.

Resident Fellow and Assistant to the President, American Enterprise Institute, Washington, D.C., July 1993-March 2001.

Associate Director, Office of Policy Planning, The White House, Washington, D.C., August 1992-January 1993.

Associate Director and Deputy Executive Secretary, Domestic Policy Council, The White House, Washington, D.C, December 1991- August 1992.

Economist, Policy Analysis Department, American Petroleum Institute, Washington, D.C., August 1987- December 1991.

Junior Staff Economist, Council of Economic Advisers, Washington, D.C., May1986-August 1987.

Economist, Policy Economics Group, Washington, D.C. April 1985- May 1986.

Senior Consultant, Booz, Allen and Hamilton Inc., Washington, D.C., November 1983-November 1984.

Consultant, Free Zone Authority, Washington, D.C., October 1983.

Research Assistant, The Urban Institute, Washington, D.C., Summer 1982.

Research Assistant, Center for Naval Analyses, Alexandria, Virginia, Summers 1979 and 1980.

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

Chief of Staff, Council of Economic Advisers, Washington, D.C., March 2001-present.

Associate Director, Office of Policy Planning, The White House, Washington D.C., August 1992-January 1993.

Associate Director and Deputy Executive Secretary, Domestic Policy Council, The White House, Washington D.C., December 1991- August 1992.

Junior Staff Economist, Council of Economic Advisers, Washington, D.C., May1986-August 1987.

Senior Consultant, Booz, Allen and Hamilton Inc., Washington, D.C., November 1983-November 1984.

Consultant, Free Zone Authority, Washington, D.C., October 1983.

Research Assistant, Center for Naval Analyses, Alexandria, Virginia, Summers 1979 and 1980.

Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

Testimony

"The Difficulty of Interpreting Income Distribution Tables," testimony before the National Commission on Economic Growth and Tax Reform, July 12, 1995.

"The Working Families Flexibility Act," testimony before the House Committee on Education and the Workforce, Subcommittee on Workforce Protections, February 5, 1997.

"The Economic Effects of Capital Gains Taxation," testimony before the Senate Committee on Agriculture, Nutrition, and Forestry, February 26, 1997.

"The Statistically Misleading 74 Cent Wage Gap," testimony before the Equal Employment Opportunity Commission, Philadelphia, Pennsylvania, April 12, 1999.

Books

Women's Figures: An Illustrated Guide to the Economic Progress of Women in America, with Christine Stolba, Washington, D.C.: AEI Press and Independent Women's Forum, April 1999.

The Feminist Dilemma: When Success Is Not Enough, with Christine Stolba, Washington, D.C.: AEI Press, September 2001.

Papers and Articles

The Relation between Tax Increases and the Federal Budget Deficit, Background Paper, American Petroleum Institute, December 1987.

The Regressivity of Motor Fuel Excise Taxes, Background Paper, American Petroleum Institute, March 1988.

The Effects of EPA's Designation of Nonattainment on New Plant Siting, Draft Background Paper, American Petroleum Institute, March 1988.

Comparing the U.S. and Foreign Tax Treatment of the Petroleum Industry: A Review of the Existing Literature, Background Paper, American Petroleum Institute, May 1988.

A Comparison of the Industrial and Regional Effects of the VAT with Various Other Proposed Taxes, Draft Background Paper, American Petroleum Institute, December 1988.

The Unequal Geographic Burden of Increasing Federal Gasoline Excise Taxes, Background Paper, American Petroleum Institute, May 1989.

OECD Countries and the VAT: The Historical Experience, Research Study #049, American Petroleum Institute, February 1990. (Paper presented at the Western Economics Association Meetings, San Diego, CA, July 1990.)

Comparisons of Marginal Effective Tax Rates across Industries: A Review of the Methodology, Draft Working Paper, American Petroleum Institute, October 1990.

The Measurement of Regressivity: The Case of the Motor Fuels Tax, Discussion Paper #063, American Petroleum Institute, December 1990. (Paper presented at the American Economics Association Meetings, Washington, D.C., December 1990.)

The Economic Costs of Increasing Federal Motor Fuel Taxes, Draft Working Paper, American Petroleum Institute, January 1991.

The Distributional Effects of Motor Fuel Taxes on the Elderly, Draft Background Paper, American Petroleum Institute, July 1991.

Sustainable Development: The Compatibility of Economic Growth and Environmental Quality, Draft Background Paper, American Petroleum Institute, August 1991.

"Measuring the Distributional Burden of Excise Taxes," *Journal of Regulation and Social Costs*, Volume 3, Number 1, June 1993, pp. 83-104.

"Working Wives Widen 'Income Gap'," *Wall Street Journal*, Tuesday, June 20, 1995.

"Congress Scores Again," *Investor's Business Daily*, Tuesday, November 28, 1995.

"Abuses of Income Distribution Tables in Tax Policy," *Tax Notes*, Volume 69, Number 11, Monday, December 11, 1995, pp. 1414-1416.

Women's Figures: The Economic Progress of Women in America, with Christine Stolba, Washington, D.C.: AEI Press and Independent Women's Forum, October 1996.

"Revolution of the Heart," review of *Revolution of the Heart* by Bill Shore, *IntellectualCapital.com*, October 3, 1996.

"Affirmative Action for Women: Just Don't Do It," *IntellectualCapital.com*, October 31, 1996.

"The Gender Gap in Taxation: Women Stand to Gain Most from Reform," *IntellectualCapital.com*, December 12, 1996.

"The Myth of the Glass Ceiling," *IntellectualCapital.com,* January 23, 1997.

"Should Women Worry About Glass Ceilings?" *Insight On the News,* February 10, 1997, pp. 25-27.

"A Good Starting Point," review of *Taxing Women* by Edward McCaffery, *IntellectualCapital.com*, April 24, 1997.

"Put a Stop to Comp-Time Discrimination," *Investor's Business Daily*, Monday, June 2, 1997.

"Women's Work: Choice or Necessity?", review of *The Time Bind: When Work Becomes Home and Home Becomes Work* by Arlie Russell Hochschild, *IntellectualCapital.com*, June 26, 1997.

"A Working Woman's Retreat," review of *When Work Doesn't Work Anymore* by Elizabeth Perle McKenna, *IntellectualCapital.com*, September 18, 1997.

"The Skyline Tax," with Kevin Hassett, *The Weekly Standard*, September 29, 1997, pp. 13-14.

"Plato Speaks of Gender," review of *Cultivating Humanity: A Classical Defense of Reform in Liberal Education* by Martha Nussbaum, *Washington Times*, October 22, 1997.

"Uncle Sam's Dowry," with Kevin Hassett, *IntellectualCapital.com*, October 30, 1997.

"The Trial of the Unabomber: A Moral Guide," review of *Drawing Life: Surviving the Unabomber* by David Gelernter, *IntellectualCapital.com*, November 27, 1997.

"Tax Code Penalizes Work, Not Marriage," *Investor's Business Daily*, Friday, January 16, 1998.

"Removing Barriers to Part-Time Employment: An Aid to Reducing Welfare Caseloads?", *Journal of Labor Research*, Volume XIX, Number 2, Spring 1998.

"Women Don't Need Equal Pay Day," with Christine Stolba, *Investor's Business Daily*, Monday, April 6,1998, A36.

"Comp Time: Giving Hourly Workers What Money Can't Buy," *Brief Analysis*, Number 260, National Center for Policy Analysis, Tuesday, April 7, 1998.

"Sex and Affirmative Action," *Heterodoxy,* Volume 6, Number 8, October 1998, 11.

"Faster Than You Think," review of *Why So Slow? The Advancement of Women* by Virginia Valian, *IntellectualCapital.com*, October 8, 1998.

"Undoing Favoritism That Serves to Disfavor," with Christine Stolba, *Washington Times*, Thursday, November 12, 1998, A15.

"American Women Aren't Really So Cheap," with Christine Stolba, *Wall Street Journal*, Friday, November 20, 1998, A18.

"The Pitfalls of Politicizing Science," review of *The Baltimore Case: A Trial of Politics, Science, and Character* by Daniel Kevles, *IntellectualCapital.com*, January 7, 1999.

"'Comparable Worth' Makes a Comeback," with Christine Stolba, *Wall Street Journal*, Thursday, February 4, 1999, A22.

"Money Can't Buy Fulfillment," review of *What Our Mothers Didn't Tell Us: Why Happiness Eludes the Modern Woman* by Danielle Crittenden, *IntellectualCapital.com*, March 4, 1999.

"Sense and Sensibility in the Tax Reform Debate," review of *The Greedy Hand: How Taxes Drive Americans Crazy and What to Do about it* by Amity Shlaes, *IntellectualCapital.com*, March 25, 1999.

"Keep Goose That Lays Golden Eggs," *Los Angeles Times*, Thursday, April 1, 1999, A17.

"MIT Report Flunks Statistics 101," *Investor's Business Daily*, May 4, 1999, A22.

"What Works? The Effects of Welfare Benefits on Family Structure," paper prepared for the Lexington Institute, June 1999.

"Call Off the Troops," review of *Ceasefire! Why Women and Men Must Join Forces to Achieve True Equality* by Cathy Young, *IntellectualCapital.com*, July 15, 1999.

"The Victim Myth," *Investor's Business Daily*, Friday, July 30, 1999.

"Your Surplus Checks Aren't in the Mail Yet," with Kevin Hassett, *Los Angeles Times*, Thursday, August 5, 1999, A17.

"The Myth of the Wage Gap," *Civil Rights Journal*, Fall 1999, 28-30.

"What Works? Comparable Worth in Theory and Practice," paper prepared for the Lexington Institute, November 1999.

"Suicide Mission: The Union Push for Comparable Worth," *Labor Watch*, Capital Research Center, December 1999.

"Eliminating the Marriage Penalty through Flatter Taxation," *New York Law School Journal of Human Rights*, Volume XVI Part One, Symposium 1999, pp.153-158.

"This Pay Gap Is a Phony," *Washington Post*, Monday, January 31, 2000, A19.

"On One Tax Proposal, Clinton Has It Right," *Investor's Business Daily*, Thursday, February 10, 2000, A24.

"Subpoena Elian," *Washington Times*, Monday, May 1, 2000, A17.

"Equal or Equivalent? Feminist Activists Ignore the Data about Women's Pay," *Investor's Business Daily*, Thursday, May 11, 2000, A24.

"Bourgeois-Bohemian Rhapsody," review of *Bobos in Paradise: The New Upper Class and How They Got There* by David Brooks, *IntellectualCaptial.com*, June 1, 2000.

"Harry Potter's America," *IntellectualCapital.com*, Thursday, July 13, 2000.

"Tired Feminist Claims," *National Review Online*, Thursday, July 13, 2000.

"Left with the Bill: Women, Not Men, Carry the Largest Estate Tax Burden," *Investor's Business Daily*, Thursday, July 20, 2000, A26.

"Euro Record Troubling So Far," United Press International, Friday, August 11, 2000.

"Where's the Crisis? Democrats Decry the World's Best Health Care System," *Investor's Business Daily*, Friday, August 25, 2000, A28.

"Comparable Worth Is Back," *The American Spectator*, September 2000, 38-43.

"Susan Estrich's America: Why Can't a Woman Be More Like a Man?" *The Weekly Standard*, November 13, 2000, 32-34.

"Good Policy Should Stay Sans Linda," *National Review Online*, Wednesday, January 10, 2001.

Political Affiliations and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Surrogate speaker for Republicans on tax policy in 2002 presidential campaign.

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

None.

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

(See attached.)

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I will sever all connections.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I have no such plans.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

   None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

   None.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

   None.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

   None.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

   No conflicts exist.

Civil, criminal and investigatory actions:

1. Give the full derails of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

   None.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

   None.

Statement of Qualifications

The Federal Housing Finance Board is an independent agency of the federal government that oversees the Federal Home Loan Bank system. The Federal Home Loan Banks currently have assets of over $700 billion and almost 8,000 member banks. The Federal Housing Finance Board consists of five directors. My professional and educational background fully qualify me for a position as a director of the Federal Housing Finance Board.

I am currently chief of staff of the President's Council of Economic Advisers, a position that I have held since March, 2001. In that capacity, I assist the chairman in managing a staff of 35 persons. The professional economists of the Council review a wide range of economic issues affecting the Federal government, including housing, banking regulation, and other matters directly and indirectly before the FHFB.

Prior to my current position, I was a resident fellow at the American Enterprise Institute. I published two books and wrote many articles in the field of economics. I earned a B.A. cum laude in Economics from Swarthmore College and an M.Phil. from Oxford University.

PREPARED STATEMENT OF DEBORAH DOYLE McWHINNEY

DIRECTOR-DESIGNATE, SECURITIES INVESTOR PROTECTION CORPORATION

OCTOBER 3, 2002

Good afternoon. My name is Deborah Doyle McWhinney, and I am President of Schwab Institutional, an arm of the Charles Schwab Corporation that provides services to investors through commission-based independent investment advisors. But beyond my position at Schwab, I am the very proud mother of Megan and Aidan, two wonderful teenagers who could not join me today because of their studies.

Charles Schwab was founded more than 30 years ago on the principle of helping individuals to become educated, informed, and sensible investors—and our company remains focused on the individual investor today. I am honored to have been nominated by President Bush as a Director of the Securities Investor Protection Corporation, where I look forward to continuing that focus on the individual investor.

We are all painfully aware of the economic slowdown and stock market fall-off of the last 2 years. The Dow Jones Industrial Average is off more than 34 percent from its January 2000 high; and the Nasdaq is down a more startling 77 percent. Millions of individual investors have lost countless trillions of dollars of wealth. For many Americans, those investments constitute the bulk of their retirement savings, the money they were hoping to use to buy a first home or send their kids to college—in sum, their most cherished financial hopes and dreams. It is a frustrating time to be an investor.

That is why I believe that there are few more important organizations than the Securities Investor Protection Corporation. SIPC has a narrow but extremely important role: Whenever a brokerage firm fails or goes bankrupt, SIPC steps in to return the money investors had with that firm as quickly and as painlessly as possible. No waiting for years of drawn-out court cases and bankruptcy hearings. SIPC gets the cash or securities that the individual investor had with the failed firm and returns it to that investor, so that he or she can move that money to a reliable company.

I wish that there was not a need for an organization like SIPC. But there is a very real need, and today that need is stronger than it has been in decades. Investors have a lot to worry about, with the accounting and ethics of some of the country's most respected companies now being questioned, the economy in a prolonged downturn, and the stock market retreating to levels not seen in several years. Investors should not have to worry about what happens if their brokerage firm goes under. With SIPC, they do not have to. More than 99 percent of eligible investors get their money back with SIPC's help. In the past 30 years, more than 600,000 investors have recovered nearly $14 billion in assets with SIPC's help.

If I am confirmed as a Director of SIPC, I promise the Members of this Committee and the millions of individual investors around the country that I will bring the vigilance and dedication that the role deserves. Individual investors are comfortable knowing that SIPC is behind them if anything should happen, and I will work hard to maintain and strengthen that confidence. In this era of uncertainty about the stock market, SIPC directors should bring nothing less than their full attention to their task. If I am confirmed, I promise to do so in the tradition of the many directors before me who have helped maintain a solid foundation beneath the strongest capital markets in the world.

Thank you very much. I will be happy to answer questions.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Doyle McWhinney (Last) Deborah (First) Lynn (Middle)

Position to which nominated: Securities Investor Protection Corporation Board of Directors

Date of nomination: President's intent of nomination announced in June 2002 is still pending Senate approval

Date of birth: 10 (Day) April (Month) 1955 (Year) **Place of birth:** Anaconda, Montana, USA

Marital Status: Divorced in 1996 **Full name of spouse:**

Names and ages of children:
Daughter: Megan Doyle McWhinney, Age 17
Daughter: Aidan Doyle McWhinney, Age 13

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Pacific Coast Banking School, Seattle, WA	1992-1995	Diploma/Finance	1995
University of Montana	8/73 to 6/77	BA Degree Business Communications	1977
Hellgate Highschool, Missoula MT	9/69 to 6/73	Diploma	1973

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

Named in the San Francisco Business Times as one of the 75 most influential business women in the Bay Area.

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Women's Museum, Dallas – Board member		2001 – Present
University of Montana—Foundation Board, Chairman		7/99 – Present
Branson High School, Annual Fund Drive for year 2000		9/00 – Present
Reed School Foundation		Present
Bear Trust		Present
Grizzly Riders International		Present
American Association of University Women		Present
American Needlepoint Association		Present
American Cancer Association		Present
Kappa Alpha Theta Present		Present

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

February 2001-Current: President of Services for Investment Advisors – Schwab Institutional Charles Schwab & Co, INC San Francisco, CA
Responsible overall management of the enterprise, which provides operational and trading support to approximately 6,000 independent fee-based investment advisors and is one of the fastest growing divisions of the company.

July 1999-January 2001: President, Engage Media Services Group, San Francisco, CA
Responsible for overall management of the media network, and media management products and services division of Engage. Prior to this assignment, was President of Engage I/PRO.

May 1997-July 1999: EVP VISA International, Foster City, CA
Responsible for general management of Business Planning, Finance and Strategy, for the Global Systems Services Division. Worked with Visa International divisions and global regions to establish the strategic direction. Responsible for financial planning and project prioritization process to determine funding of ongoing and emerging products and projects, which support and promote the VISA brand and it's operations worldwide. Managed the first balanced budget year for VISA International. Raised service scores from regions by 50%.

1995-May 1997: VISA International, Foster City, CA
Responsible for product and information strategy, product design and development plans, for the Information Product Division of Visa International. Worked with member banks to enable more profitable migration of common utilities in data warehouse based sales and marketing tools, fraud and risk prediction models and forecasting tools. Redesigned and re-architected the Visa Insite intranet, Visa Expo web site, and developed a global information data warehouse business built on state of the art data mining and predictive marketing databases.

1986-1995: Bank of America Retail Banking Group, San Francisco, CA
Full business responsibility for the consumer ATM's (6,000 ATMs), debit card products (11mm cards), home banking (56K clients), point of sale (5mm users), and phone service functions. Grew business from $1.2 mm to $125 mm in net fee contribution while increasing card usage from 42% to 80%. Rearchitected end-to-end systems while introducing market leading products and services. Introduced In-store banking by opening 450 in store locations, including 90 branches, in 9 months. In last assignment, led effort to impact bottom line of Retail Bank by $5B within 2 years.

1981-1986: Bank of America Corporate Banking Group, San Francisco, CA
Managed several turn around groups where significant and rapid changes were necessary due to major downturn in the bank's profitability. Helped define systems consolidation for eight corporate banking offices in North America. Lead product development of treasury management services for BAC. Managed the marketing and finance areas for cash management services. Worked in Wholesale Strategic Planning group on major efforts including a wholesale and consumer payments strategy.

1978-1981: Bank of America Consumer Markets, San Francisco, CA
Held various assignments in sales and marketing. Chosen as a member of the swat team, which brought up the Versateller ATM network in nine months.

Professional Affiliations and Personal Businesses:
2001 – current: Women's Museum – Board member, Dallas, Texas
1999 – current: Touch America Holdings, Inc – Board of Directors, and Personnel Committee, Butte, MT
1996 – current: Novadigm—Board of Directors, and Audit Compensation Committee, Mahwah, NJ
- Most board meeting are held in San Francisco, CA
7/99 - current: University of Montana—Foundation Board, Chairman, Missoula, MT
9/00 - current: Branson High School, Annual Fund Drive for year 2002, Ross, CA
1997 – 9/00: First Bank of Idaho—Founding Investor and Director; Sun Valley, Idaho

Other:
1990 – 1999: Electronic Funds Transfer Association— Past Chairperson
1988 – 1998: Owner Missoula Athletic Club, Owner Foster Mantels
1987 – 1994: Plus Systems Board
1987 – 1991: Interlink Board

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

N/A

Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

When I was employed by Visa International, I co-authored an insert in a chapter in Regis McKenna's Book "Real Time, Preparing for the Age of the Never Satisfied Customer", Copyright 1977 by Regis McKenna. This was a 2 ½ page insert in the book's Chapter 3, *What is the Message When the Medium is Everywhere*? where I was featured as a pioneer in the design, installation, and management of ATM networks, and my experience with what I learned about the technology-toned consumer, and driving changes in consumer banking behavior.

Political Affiliations and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

1991 – Women for Jordan (Frank Jordan for Mayor of San Francisco)
2000 – Raised money for George Bush
1989 – Tiburon City Council Campaign for Peter Logan

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign, organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

$1000 to George W. Bush Campaign
$1000 to Republican National Committee

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

See employment record.

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Because the Board of Directors Securities Protection Corporation is an unsalaried, part time position that meets approximately five times per year, I do not plan to sever connections with my present employer. I will remain employed by Charles Schwab & Co. Inc, and will remain on the boards of Touch America Holdings Inc., Novadigm Inc., The Women's Museum, and chair of the University of Montana Foundation's Board of Trustees..

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

See above.

3. Has anybody made you a commitment to a job after you leave government?

See above.

4. Do you expect to serve the full term for which you have been appointed?

Absolutely.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

As the SIPC Board meets only 5 times a year, I will not be resigning my job at Charles Schwab & Co. Inc. The SIPC Board requires that some members of the committee come from the securities industry. I would be one of those members. Should any issue arise which affects Schwab, I would abstain my vote.

I will continue to be compensated by my current employer and boards, including:

- Charles Schwab yearly salary (paid bi-monthly)
- Charles Schwab Executive Deferred Compensation Plan
- Schwab 401k Retirement/Savings Plan
- Novadigm, Inc. – Stock option grants, and stipends
- Touch America Holdings, Inc. Stock grants, and stipends

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

I own positions in several mutual funds and managed accounts. These would most likely hold positions in most of the large and medium publicly traded securities firms and/or holding company banks. I do not have control over the investment decisions for these funds.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for your self, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

I have had none.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

I have had none.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

I would abstain myself from a vote.

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry of the inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

I have not, and I am not aware of instances with companies that I am associated with at this time.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

Montana Power Company. Please keep in mind that technically, although I have been named a defendant in this matter, I have not yet been served:
On August 16, 2001, individual shareholders of Montana Power Co. ("MPC") commenced an action in Montana's Second Judicial District Court for Butte-Silver Bow County against MPC, PPL Montana, PLC ("PPL Montana"), and certain of MPC's officers and directors, as well as MPC's outside consultants (collectively, "Defendants"), claiming that MPC improperly sold its power generation business to PPL Montana without shareholder approval, that MPC officers and directors breached their fiduciary duties to the shareholders, and that MPC consultants breached their duty of reasonable care to the shareholders. Plaintiffs' seek damages of an unspecified amount, as well as an appraisal of their shares, rescission of the transaction, and the imposition of a constructive trust on the power generation assets. The complaint has been docketed under Cause No. DV-01-141. I am an outside (i.e., non-management) member of MPC's Board of Directors, and have not yet been served with the complaint in the action.

Novadigm Inc. Please keep in mind that technically, this matter is not a "civil proceeding" but, instead, is an arbitration. Please also keep in mind that I had testified that about 15 years ago, I was deposed in some other civil matter.

In September 2000, Michael Carabetta, the former President and Chief Operating Officer of Novadigm, Inc. ("Novadigm") commenced an arbitration against Novadigm and certain of its officers and directors (collectively, "Respondents") before the American Arbitration Association in San Francisco, California, claiming, among other things, that in February 2000 he was improperly denied the right to sell shares in the company. Because this is an arbitration and not a civil litigation, there is no public record of the proceedings in this matter. I am an outside (i.e., non-management) member of Novadigm's Board of Directors. On May 2, 2001, Mr. Carabetta deposed me as part of that arbitration. Both he and Respondents designated portions of my deposition for use before the arbitrator.

At Bank of America, as Head of Versatel/Consumer Electronic Banking, I testified on a case (circa 1994, in Washington D.C.) concerning Changes to Reg E, which involved passing legislation to eliminate the requirement to supply a complete card number as a fraud deterrent. Also at Bank of America circa 1992-93 submitted company files in a Surcharge litigation, San Francisco County—did not have to testify.

PREPARED STATEMENT OF ARMANDO J. BUCELO, JR.

DIRECTOR-DESIGNATE, SECURITIES INVESTOR PROTECTION CORPORATION

OCTOBER 3, 2002

Chairman Sarbanes, Ranking Member Gramm, and distinguished Members of the Committee, I am honored to appear before you as President Bush's nominee to serve on the Board of Directors of the Securities Investor Protection Corporation, better known as SIPC. I am deeply grateful to President Bush for awarding me the privilege of this nomination. It is now my pleasure to introduce my wonderful wife, Beatriz, companion and best friend for over 20 years, and my son, Alexander, a 9 year old baseball star who indeed will play with the New York Yankees one day, and upon his retirement from baseball, hopes to be President. I have also been blessed with two other children, Alexis Marie, a 17 year old National Honor Society student ranked in the top percentile of her class, and blessed with the gift of pen and speech, and last, but not least, my 15 year old son, Armando Joseph, who is taller than I am and is considered an excellent swimmer and water polo player, and who, along with Alexis and myself, is a black belt first degree in karate. Mr. Chairman and Members of the Committee, I thank God every day for my family.

I am a proud Cuban-born American citizen. Arriving in this great country of ours over 40 years ago, with parents looking for freedom and opportunity for my sister and I. Because of my father, Dr. Bucelo, and my mother Carmen, 83 and 74 years young respectively, I am what I am today. We are forever thankful and appreciative of the opportunities given to us by the United States of America.

I have been an attorney for the past 23 years, specializing primarily in real estate, corporate, and banking. As a result of my professional endeavors, I have been exposed to a myriad of career opportunities dealing in said fields. I had the opportunity to serve as a Director of Freddie Mac (Federal Home Loan Mortgage Association) during President George Bush's Administration. During my tenure at Freddie Mac I was able to cooperate in the efforts to lead such a powerful and gigantic institution into its preparations for the 21st century. I also had the pleasure to serve as Cuban American National Chairman of the National Republican Senatorial Committee, where I attempted to establish a substantial dialogue, as well as a strong working relationship between Cuban Americans in this country and Members of the Senate. Among other activities, I am currently a Director of the National Housing and Development Corporation, created in 1997, to help preserve more of the Nation's at-risk affordable housing stock. Its principal purpose is to improve the quality of life of all of our national residents, making clean, safe, and attractive family housing, as well as affordable rents its foundation. Finally, I serve as Trustee of Miami-Dade Community College, the largest community college in the Nation, and from which I am a proud graduate.

As we all know, SIPC was created by the Securities Investors Protection Act of 1970, to provide certain protections against losses to customers from the failure of securities firms.

If honored by confirmation by the U.S. Senate, I vow to be a strong advocate for fairness and common sense. As a newcomer to the world of SIPC, I will promptly learn all I need to in order to work closely with this Committee, the Senate and Members of the House of Representatives. I may not know the answers to may questions today, but I give you my word I do anticipate and welcome the charge for which I have been selected with both eagerness and humility. Chairman Sarbanes, Senator Gramm, and Members of the Committee, I thank you for the opportunity you have given us to speak before you. I along with the rest of this country, admire the work all of you are doing on our behalf and we congratulate you for guiding us through these difficult times.

Thank you, and I will be more than happy to answer any of your questions.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: BUCELO (Last) ARMANDO (First) DE JESUS (Other)

Position to which nominated:

Date of nomination:

Date of birth: 09/18/52 (Day) (Month) (Year) **Place of birth:** Havana, Cuba

Marital Status: Married **Full name of spouse:** Beatriz Bucelo

Name and ages of children:

Alexis Marie Bucelo 17 yrs. old
Armando Joseph Bucelo 15 yrs. old
Alexander Luis Bucelo 9 yrs. old

Education:

Institution	Dates attended	Degrees received	Dates of degrees

See attached Resume

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or chievement.

See Attached Resume

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates

See Attached Resume

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

See Attached Resume

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

See Attached Resume

Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

None

Political Affiliations and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

See Attached Resume

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

See Attached Resume

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

See Attached Resume

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

   N/A

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

   N/A

3. Has anybody made you a commitment to a job after you leave government?

   N/A

4. Do you expect to serve the full term for which you have been appointed?

   N/A

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

N/A

Civil, criminal and investigatory actions:

1. Give the full derails of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

None

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

PERSONAL/ARMANDO J. BUCELO, JR.

Profession:	Attorney at Law Law Offices of Armando J. Bucelo,Jr. 1401 Ponce de Leon Blvd., PH-1 Coral Gables, Florida 33134
Place of Birth:	Havana, Cuba
Marital Status:	Married to Beatriz del Calvo one daughter/ALEXIS MARIE BUCELO two sons/ARMANDO JOSEPH BUCELO ALEXANDER LUIS BUCELO
Language Spoken:	English, Spanish

EDUCATION

Graduate:	University of Miami School of Law Coral Gables, Florida Juris Doctor: January 1979 Extensive legal research for Prof. Ralph Boyer in the areas of Real Estate, Condominium Law, Conversions, Plan Unit Development, and Time Sharing. Contributing author on Professor Ralph Boyer's book "Condominium and Cluster Housing".
Undergraduate:	University of Miami, Coral Gables, Florida Bachelor in Science: July 1976. Miami Dade Community College, Miami, Florida Associate Degree: 1973 La Salle High School, Miami, Florida Graduated: June 1971.
Activities:	University of Miami-Chess Club President (1973-1976) University of Miami-Chess Club Champion (1973-1976) University of Miami Member of Board of Directors of the Federation of Cuban Students: (1973-1976)

ARMANDO J. BUCELO, JR.

PROFESSIONAL BACKGROUND

1982 to Present	LAW OFFICES OF ARMANDO J. BUCELO,JR. 1401 Ponce de Leon Blvd., PH-1 Coral Gables, Florida 33134
1979 to 1982	LAW OFFICES OF CASTRILLO & BUCELO 25 West Flagler Street Suite 1040 Miami, Florida 33130
October 1978 to January 1979	LAW OFFICES OF FULLER, FEINGOLD, WEILER, AND SCHEER 1111 Lincoln Road, Suite 802 Miami Beach, Fla.
October 1977 to October 1978	LAW OFFICES OF SNYDER, YOUNG, STERN, BARRETT & TANNENBAUM 17071 West Dixie Highway North Miami Beach, Fla. 33160
April 1975 to August 1976	TRAFALGAR DEVELOPMENT Fountainbleau Park Sales Executive Flagler Street & 87th Avenue Miami, Fla.
	President and Chief Executive Officer of Metro-Dade Title Company
	Licensed Real Estate Agent (1974) Licensed Mortgage Broker (1984)

APPOINTMENTS

1. Special Counsel to the Code Enforcement Board of the City of Miami. 1988 to present.
2. Dade County Planning and Advisory Board. (1989)
3. Dade County Rental Housing Authority- 1982
4. City of Coral Gables Zoning Board. 1991 to 1999.
5. City of Coral Gables Board of Adjustments. 2000 to 2001.
6. Special Advisor to the City of Miami. 1991.
7. Special Advisor to the Republican Party of Miami-Dade County, Florida.
8. **Appointed by the President of the United States, George Bush, as Director of Federal Home Loan Mortgage Corporation (Freddie Mac) on October 1991; being the first Hispanic as well as the first Floridian ever appointed by a President to said organization.**
9. Outside Counsel for the RTC/FDIC.
10. **Cuban-American National Chairman of the National Republican Senatorial Committee since 1995.**
11. Committeeman Republican Party, elected 1994 to present.
12. Appointed Trustee of the Board of Directors of Miami Dade Community College by Governor Jeb Bush. 1999.
13. Named Ambassador of Chess for the City of Miami 1998.
14. First Degree Black Tae Kwon-Do Jhoon Rhee System.
15. Board of Directors of National Housing Development Corp.

LEGAL ACTIVITIES

1. Member of Florida Bar.
2. Member of Dade County Bar Association.
3. Member of American Bar Association.
4. Member of Association Trial Lawyers of America.
5. Member of Academy of Florida Trail Lawyers.
6. Cuban American Bar Association.
   a) Board of Directors Member - 1983
   b) Vice-President 1983-1984
   c) President-Elect 1984-1985
   d) President 1985-1986
7. Member of Association of Immigration and Naturalization Lawyers.
8. Member of Inter-American Bar.
9. Member of Supreme Court of the United States.
10. Member of United States Tax Court.
11. Member of United States District Court.

CIVIC ACTIVITIES

1. Board of Directors of YMCA International Club.
2. Board of Directors of American Red Cross (Latin Branch). 1982 to 1988.
3. Board of Directors of Cuban Sertoma Club.
4. Board of Directors of Dade County Rental Housing Authority Board. 1982 to 1983.
5. Board of Directors of Crime Prevention.
6. Miami-Flagami Optimist Club President/Director 1982 - 1984
7. Downtown Miami Business Association.
8. General Supervisor of Crime Watch of Little Havana.
9. Legal Advisor/Founder of Florida Federation of Latin American Chamber of Commerce. 1981 - 1983.
10. Legal Advisor of Interamerican Chamber of Commerce of Sweetwater.
11. Legal Advisor of Interamerican Chamber of Commerce of Greater Miami. 1981-1983
12. Legal Advisor of Miami Habana Lions Club. 1981 to Present.
13. Legal Advisor of Florida Lions Athletic Association. 1981 to Present
14. Attorney for City of Miami Youth Baseball Academy. 1981 to Present
15. Member of Coral Gables Chamber of Commerce.
16. Miami Youth Baseball Academy, President 1988 to 1989.
17. Society of University Founders-University of Miami

AWARDS AND HONORS

1. Lincoln Marti Award - 1971.
2. Optimist Honor Award - 1971.
3. Sertoma Honor Award - 1971.
4. YMCA "Honor Man Award" - 1972, 1977, & 1983.
5. DEPORTES Magazine Award - 1972.
6. City of Miami - Year Appreciation Award 1979 - 1986.
7. Dade County - Year Appreciation Award 1979, 1984 & 1986.
8. Miami Habana Lions Club yearly Award 1982.
9. Florida Lions Athletic Association Honor Award - 1982.
10. State of Tennessee Honor Award - 1982.
11. Liceo Martiano Man of the Year - 1983.
12. Miami Flagami Optimist Club Man of the Year 1983.
13. Hispanic Business Magazine named one of the 100 most influential hispanics in the United States - 1984.
14. Dade County Proclamation - ARMANDO J. BUCELO, JR., DAY August 11, 1984.
15. Personalities of America Award - 1984.
16. GASTON GODOY Award by Fraternidad de Abogados Cubanos Graduados in 1942. - 1985
17. Fraternidad Abogados Cubanos Graduados en 1942 Honor Award - 1985.
18. Key of Dade County given by Mayor Steve Clark - 1985.
19. Inducted into IRON ARROW SOCIETY, the highest honor given at the University of Miami - 1985.
20. Selected by the Marquis Publication Board "Who's Who in America " for the three past consecutive years

21. City of Coral Gables - Mayoral Proclamation - 1986.

22. U.S. Congress Recognition/Dante Fascell, Congressman 1986.

23. U.S. Senate Recognition/Paula Hawkins U.S. Senator - 1984 - 1986.

24. U.S. Congress Recognition/Claude Pepper, Congressman - 1986.

25. Proclamation City of Hialeah/Armando J. Bucelo, Jr. Day 1986.

26. State of Florida Governor/Recognition 1986 by Governor Bob Graham.

27. Dade County Florida Commendation 1986.

28. State of Florida House of Representative Resolution/Commending Armando J. Bucelo, Jr. 1986.

29. State of Florida Senate Resolution/ Commanding Armando J. Bucelo, Jr. - 1986.

30. Awarded the Flag of the United States of America flown over the U.S. Capitol on April 1, 1986 as requested by Congressman Claude Pepper - 1986.

31. Awarded Proclamation and Key to the City of Coral Gables Florida by its Mayor George Corrigan/Armando J. Bucelo, Jr. Day - November 26, 1991.

32. Awarded Proclamation by Dade County, Florida Steve Clark/ Armando J. Bucelo,Jr., Day , December 3, 1991.

33. Awarded Proclamation by Sweetwater, Florida Mayor Matilde Aguirre/Armando J. Bucelo, Jr., Day, February 4, 1992.

34. Awarded Proclamation by West Miami, Florida Mayor Pedro Reboredo/Armando J. Bucelo, Jr. Day, February 2, 1992.

35. Awarded Proclamation by City of Miami, Florida Mayor Javier Suarez and the Commission/Armando J. Bucelo, Jr. Day - January 9, 1992.

36. Awarded Proclamation by Latin Builders Association/ Armando J. Bucelo, Jr. - May 16, 1992.

STATEMENT OF DIANNE FEINSTEIN, A U.S. SENATOR FROM THE STATE OF CALIFORNIA

I regret that I cannot introduce Alberto Treviño today, who has been nominated as the Assistant Secretary of the Department of Housing and Urban Development's Office of Policy Development and Research.

This is not the first time Mr. Treviño has been before the Senate in a confirmation hearing, as he has served both the Nixon and the Ford Administrations. I am sure that his expertise will again be beneficial to the Department and to the Nation.

Mr. Treviño's extensive background with the Urban Interface Group has allowed him to work to solve a variety of problems in affordable housing and strategic planning. From evaluating senior housing markets, to developing affordable housing strategies to meet the diverse needs of America's homebuyers, Mr. Treviño has honed his skills in urban planning and strategic development. This is knowledge that will benefit him in spurring development of affordable housing and boosting homeownership rates.

Mr. Treviño was born in Inglewood, California, and went to the University of California in Berkeley, before continuing his studies with graduate work at Harvard. His background in strategic planning and affordable housing, and his current experience with urban planning and development, will prove an asset to the Department.

I am confident that Mr. Treviño will ably lend his insight to the Office of Policy Development and Research in working toward long-term solutions to the problems confronting our cities and our rural communities.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

October 4, 2002

Dear Chairman Sarbanes and Senator Gramm:

Thank you for the opportunity of appearing before your Committee. The purpose of this letter is to clarify the issue related to political activity that was raised in the hearing. I have never had my name on a solicitation for a fundraiser, and I have attended fewer than half a dozen fundraising events over the past twenty years. I do not expect this pattern to change. Should I have the honor of being confirmed, I commit to preserving the propriety of my position as director of the Federal Housing Finance Board at all times. I will carefully follow all applicable laws, regulations, and rules relating to political activity and political fundraising. I also recognize that questions can be raised even with respect to perfectly lawful political activity, and I would endeavor to avoid activity which would engender such questions. For example, I would not associate myself with any political activity or event that is targeted at entities under my regulatory supervision, whether this be the banking or the housing industry.

Please let me know if I can answer any further questions.

Sincerely,

Diana Furchtgott-Roth

Diana Furchtgott-Roth
Special Advisor to the Council

The Honorable Paul S. Sarbanes
Chairman
Senate Banking, Housing and Urban Affairs
United States Senate
309 Senate Hart Office Building
Washington, D.C. 20510-2002

The Honorable Phil Gramm
United States Senate
370 Senate Russell Office Building
Washington, D.C. 20510

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

October 8, 2002

Dear Chairman Sarbanes and Senator Gramm:

As requested, this letter states that, if confirmed, I will not do any fundraising activities for any entity that is regulated by the Federal Housing Finance Board.

Sincerely,

Diana Furchtgott-Roth

Diana Furchtgott-Roth
Special Advisor to the Council

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United States Senate
309 Senate Hart Office Building
Washington, DC 20510-2002

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